2/3/87 U7475-2

December 5, 1986

NOVEMBER 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CONSUMER CONFIDENCE SLIPS

- In the November 1986 survey, the Index of Consumer Sentiment fell to 91.4 from 95.6 one month earlier, although it remained just above the year earlier figure of 90.9. The recent loss has been due to less favorable evaluations of future prospects for the domestic economy. In addition, buying attitudes weakened, especially for vehicles. Overall, consumers expected that favorable conditions would be maintained, despite a lackluster outlook for the economy.

- Among families with incomes of $30,000 or more, the Index fell to 97.5 in the November 1986 survey, from 102.8 one month earlier and 100.8 one year earlier, and was the lowest level recorded during the past three years.

- Favorable attitudes toward buying conditions for vehicles were held by 63 percent of all families in the November survey, down from 72 percent one month earlier, and 81 percent two months earlier. Unfavorable evaluations of vehicle buying conditions have nearly doubled during the past two months, rising from 16 percent in September to 31 percent in November. This represents a larger erosion in favorable attitudes than recorded last year after the end of special purchase incentives. The rather large decline in favorable vehicle buying attitudes must be viewed in light of two important factors: first, the recent two month decline is from the all-time peak; even at their current level, buying attitudes remain favorable compared with prior expansions. Second, since consumers have come increasingly to expect vehicle manufacturers to offer rebates and interest rate discounts on a regular basis, greater emphasis has been placed on the immediate availability of discount programs in making buying evaluations. This response will tend to exaggerate the month-to-month swings in attitudes.

- In the November 1986 survey, fewer consumers thought that the domestic economy had improved during the past year, and fewer thought that the economy would improve during the year ahead than any time during the past three years. Importantly, however, this situation is not significantly different than that recorded one year ago. In the November 1986 survey, nearly equal proportions of consumers expected better conditions as expected worse conditions in the overall economy (20 versus 19 percent), an only slightly less favorable balance than one year earlier (21 versus 18 percent). Overall, 53 percent of all families in the November 1986 survey expected the continuation of good times financially in the economy as a whole during the year ahead, unchanged from the year earlier reading.

- The primary problem associated with the domestic economy was job prospects. Although the majority of families continued to expect the national unemployment rate to remain largely unchanged during the year ahead (54 percent in November 1986, the same as the year earlier reading), the balance of opinion has grown increasingly negative. In the November 1986 survey, 34 percent of all families expected the unemployment rate to increase during the year ahead, three times the proportion that expected declines, and the most negative outlook recorded in more than three years.

- The proportion of families that expected improvement in their financial situation fell to 33 percent in November, from 37 percent one month earlier, and 36 percent one year earlier. There was not, however, a comparable rise in the number of families that expected to be worse off financially—12 percent in November, unchanged from one year earlier. The movement was toward more families that expected their financial situation to remain unchanged on balance, reported by 52 percent in November, up from 48 percent one year earlier.

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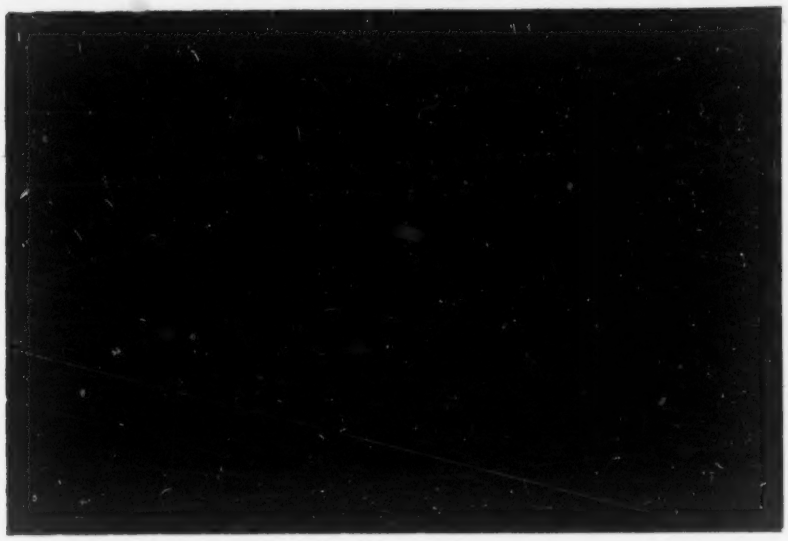
SURVEYS OF CONSUMER ATTITUDES



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T A B L E S A N D C H A R T S

DECEMBER 1986

The December 1986 survey is the 221st in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

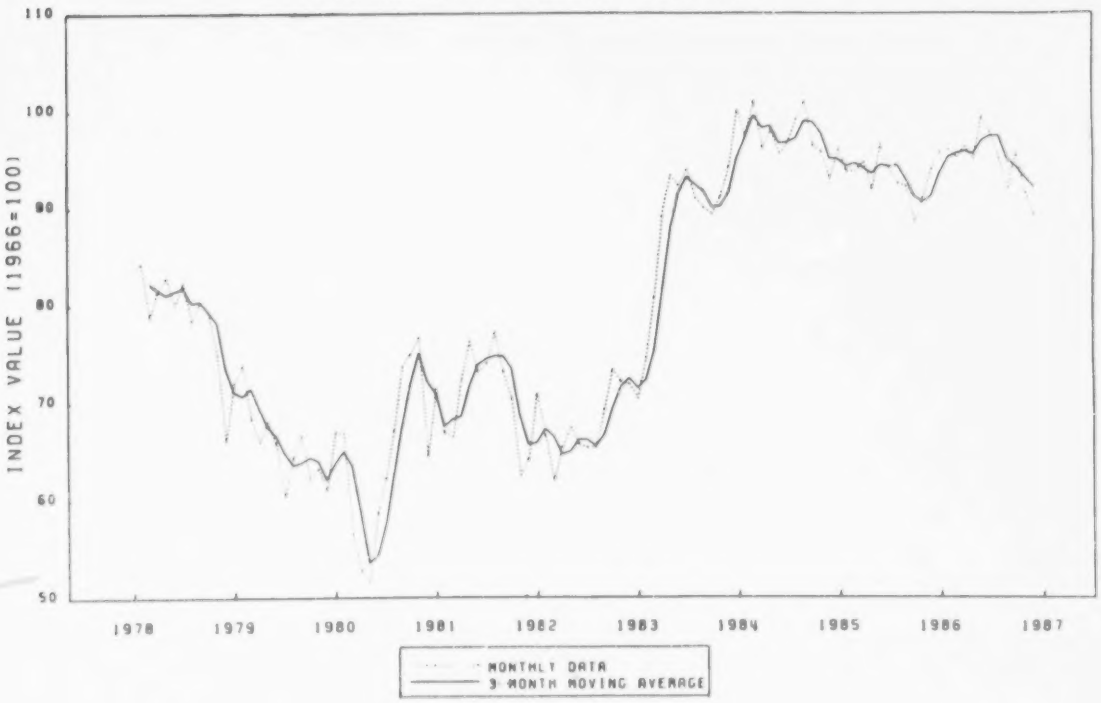


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

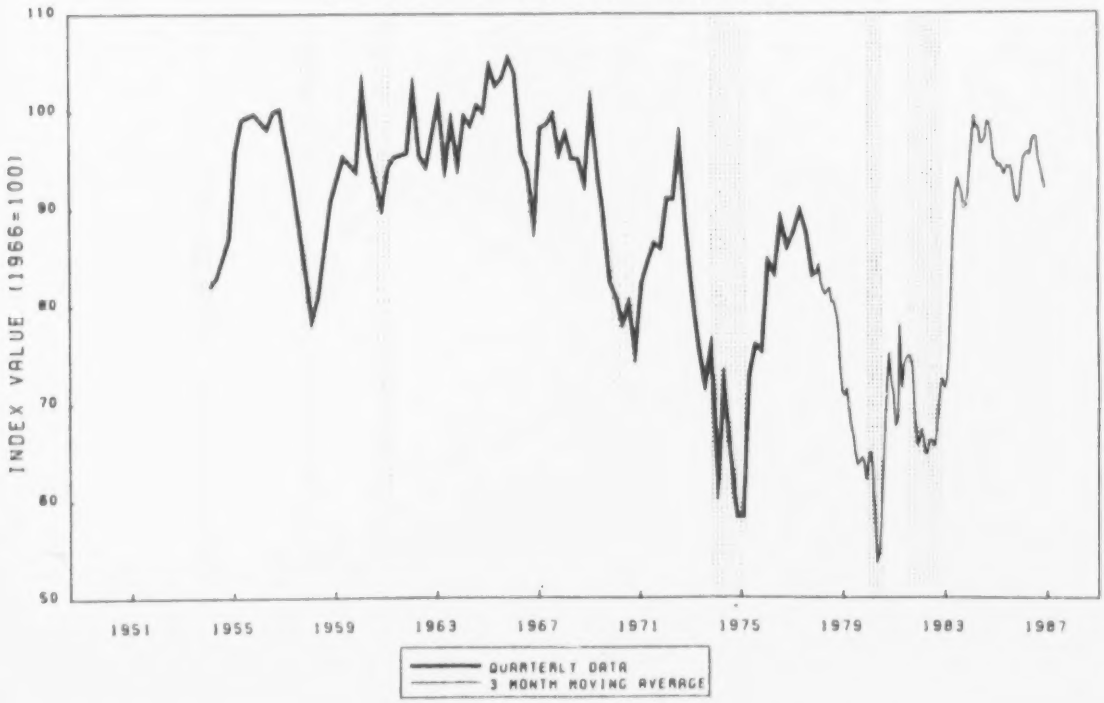


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

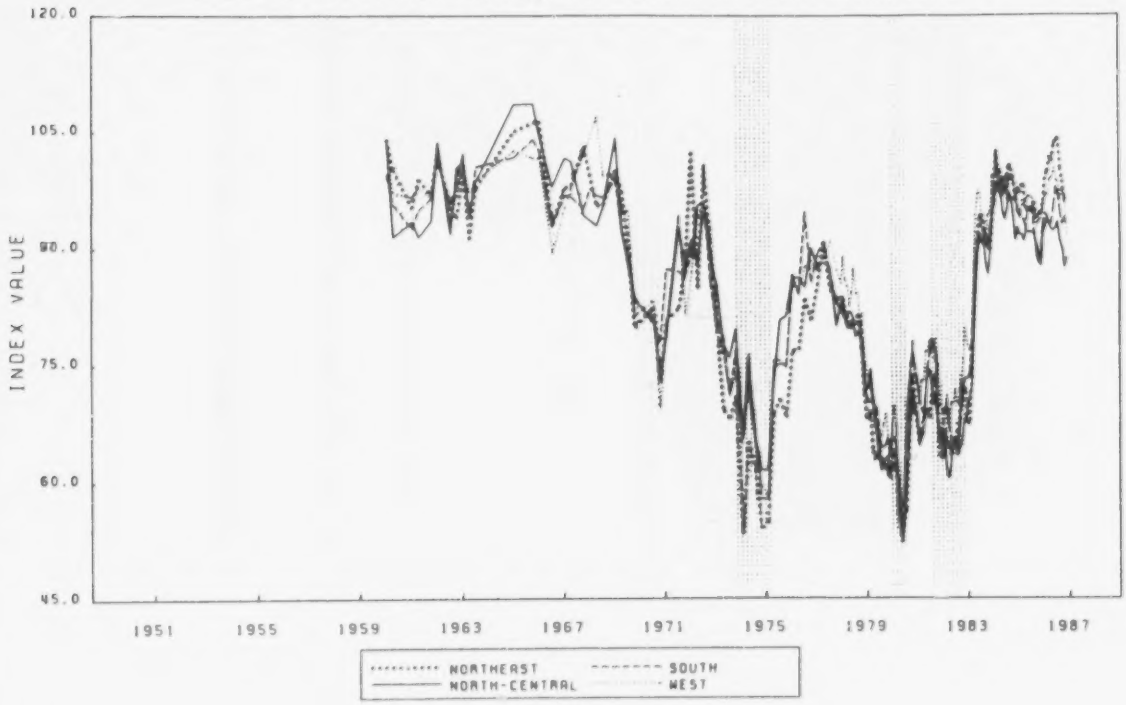


CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

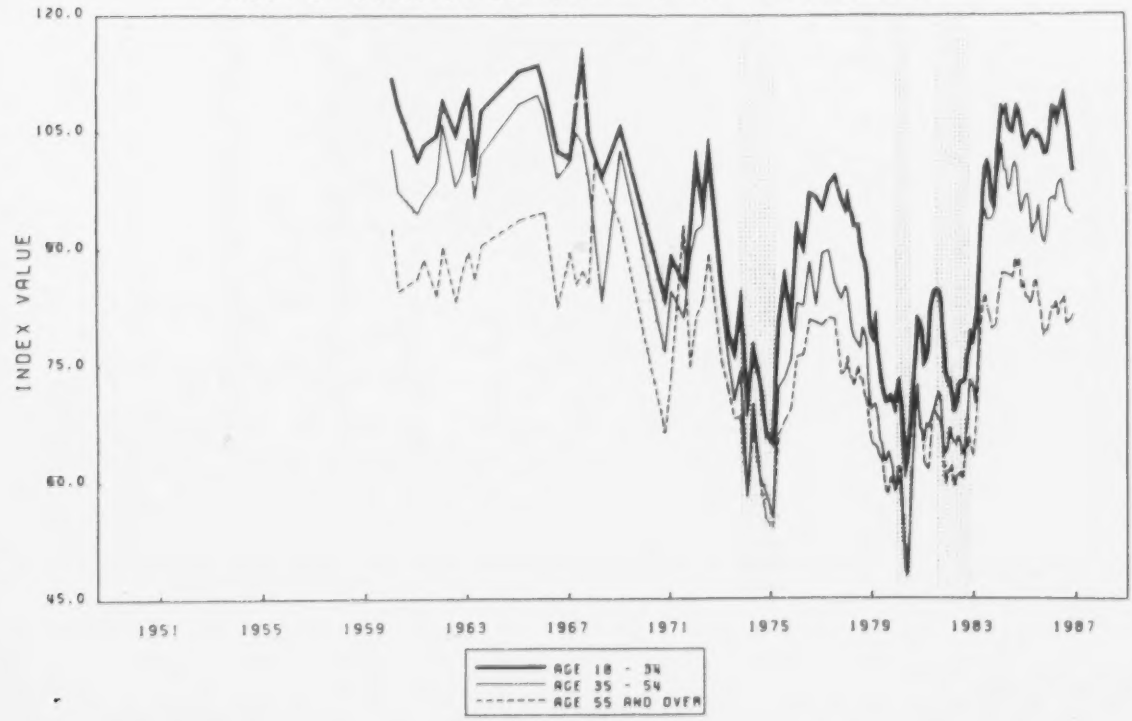


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

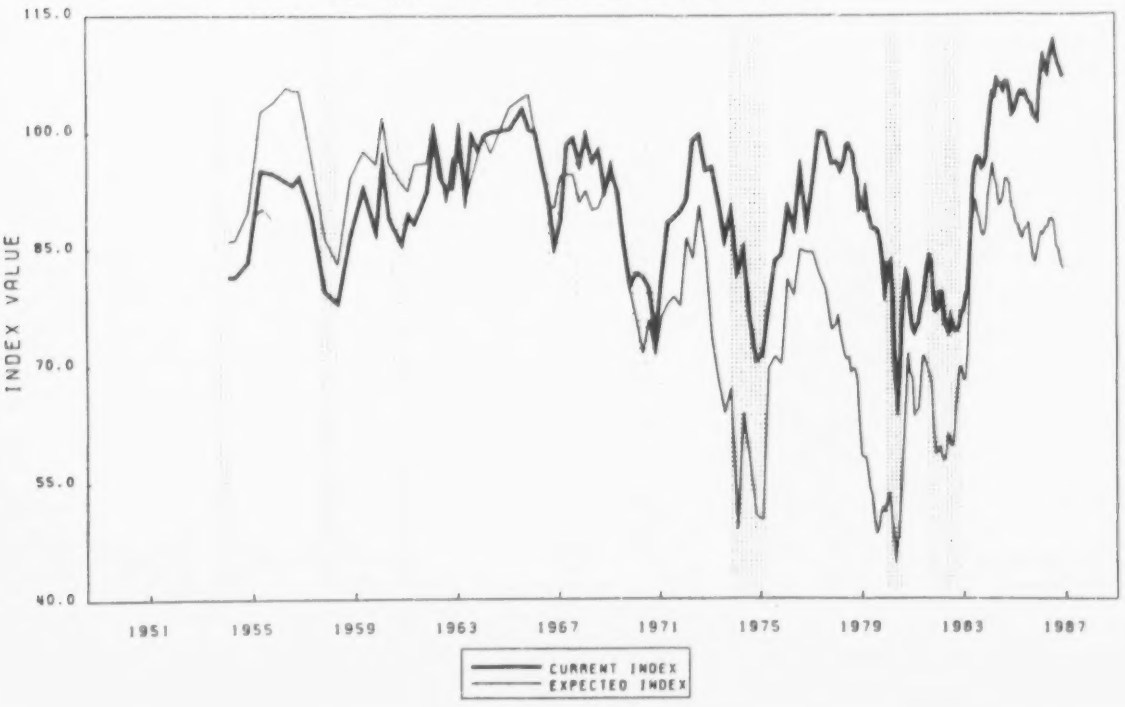


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current (1)	Expected (2)	12 months (3)	5 years (4)	Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6
December 1986	116	127	104	83	158	105.8	78.3

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

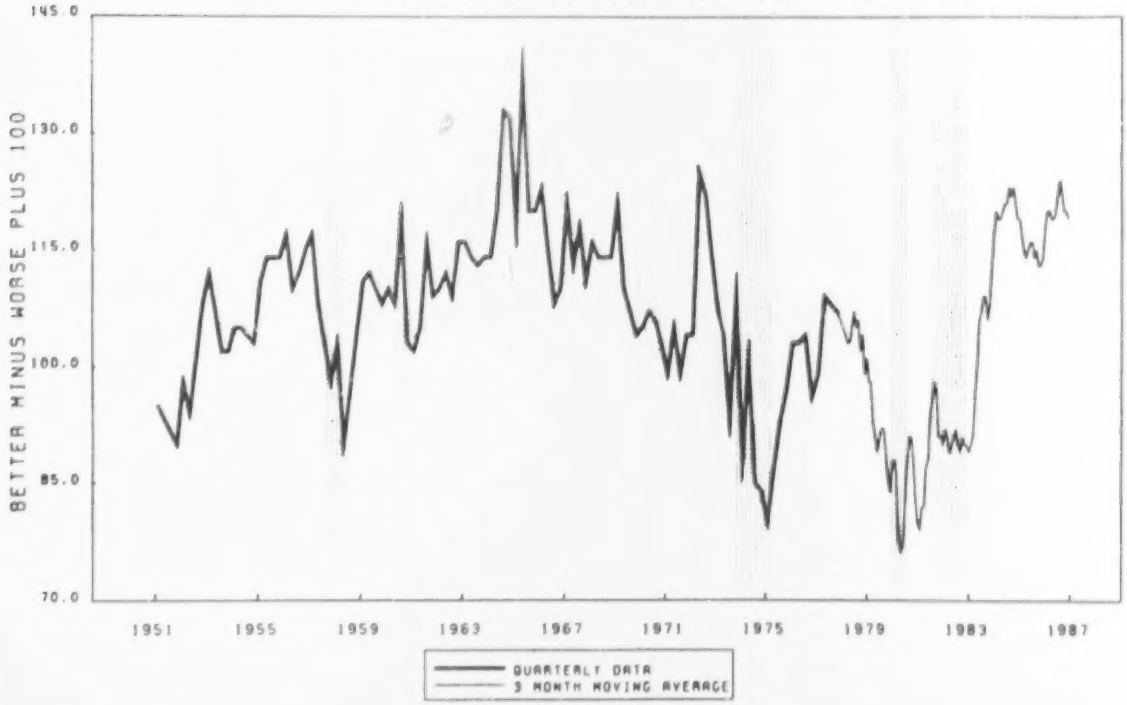


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER OFF	46%	45%	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%
SAME	28	32	29	32	30	33	29	28	28	30	32	35	30
WORSE OFF	26	23	27	24	25	25	23	23	25	25	24	22	27
DK,NA	*	*	*	*	*	*	1	*	1	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

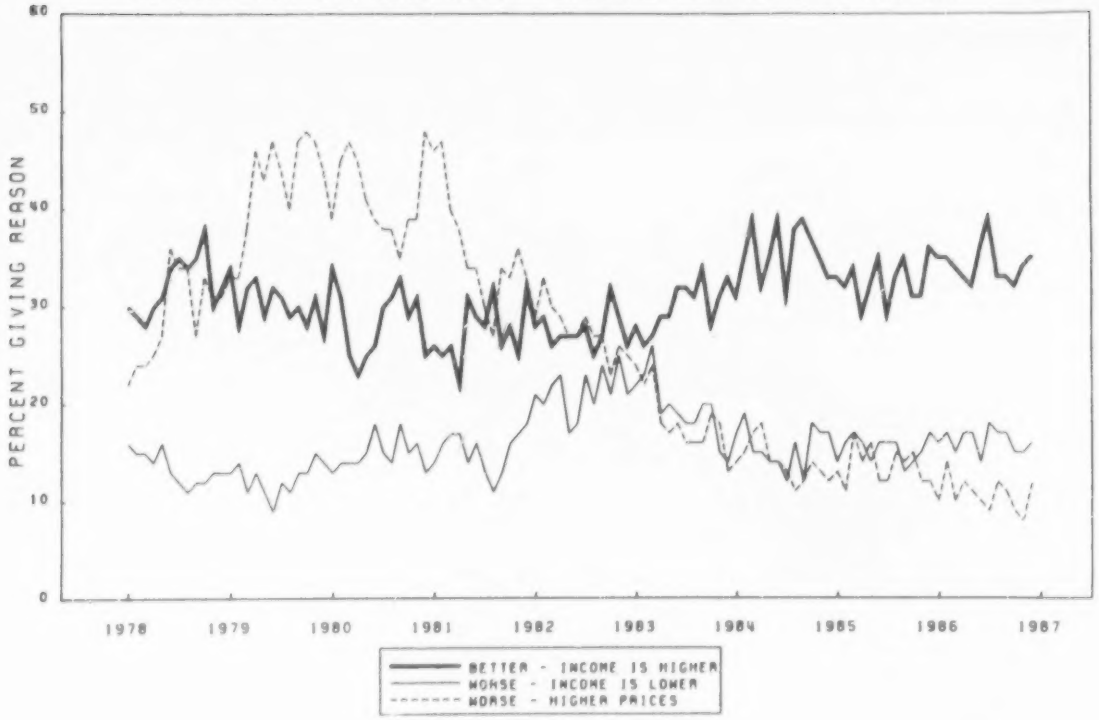


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

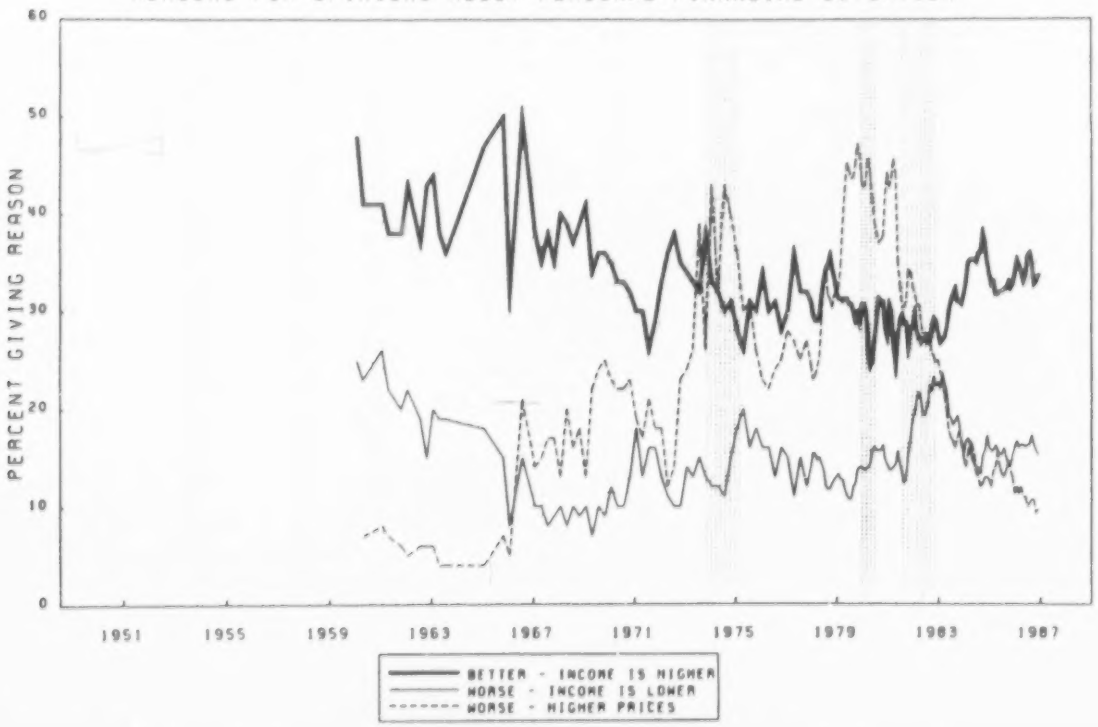


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	36%	35%	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	16	17	15	17	17	14	18	17	17	15	15	16
Higher prices	12	10	14	10	12	11	10	9	12	11	9	8	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

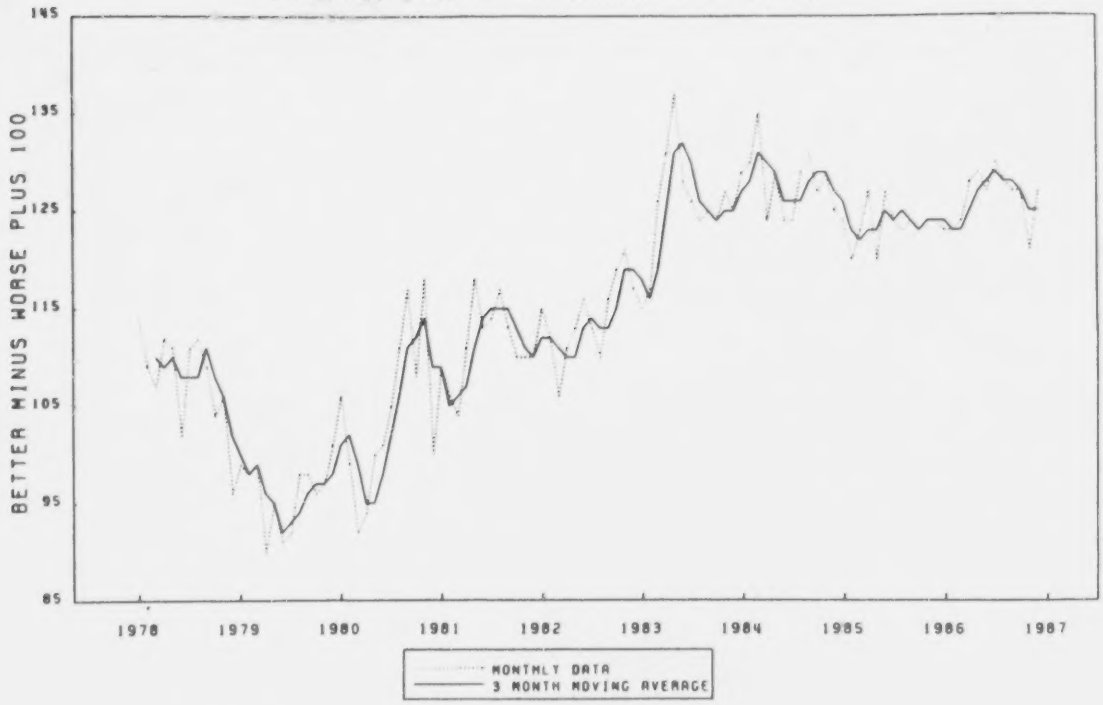


CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

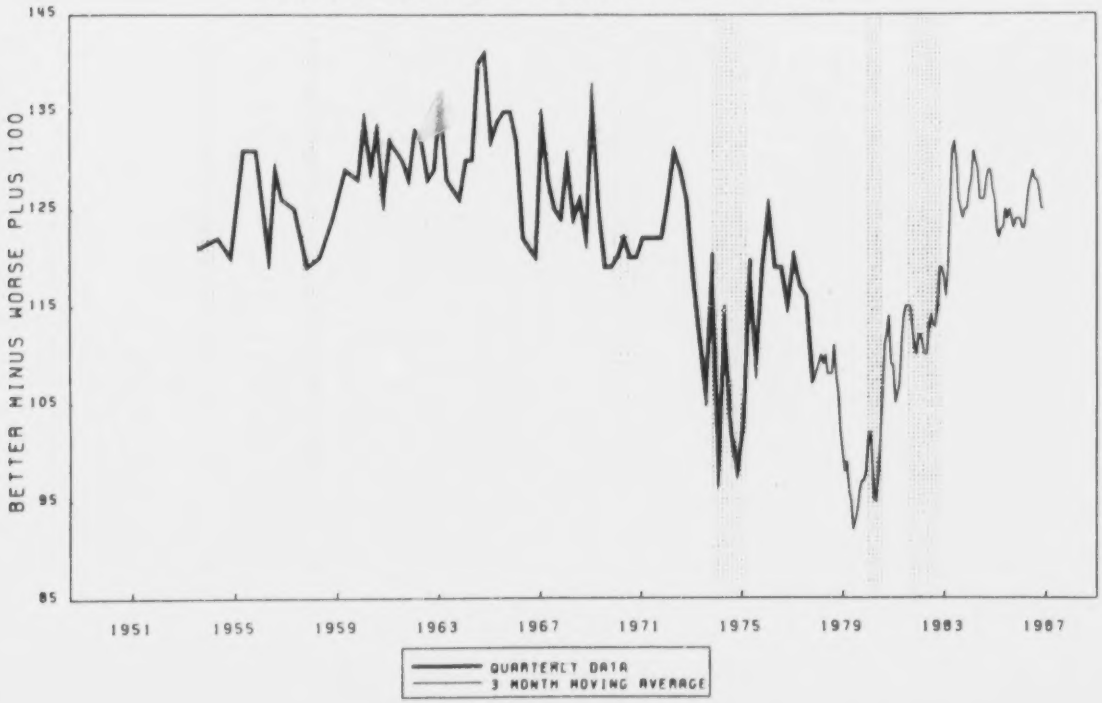


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER OFF	33%	35%	35%	37%	38%	40%	38%	38%	39%	38%	37%	33%	36%
SAME	55	50	50	47	49	47	49	52	48	47	51	52	52
WORSE OFF	9	12	12	13	10	11	11	8	11	11	10	12	9
DK,NA	3	3	3	3	3	2	2	2	2	4	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

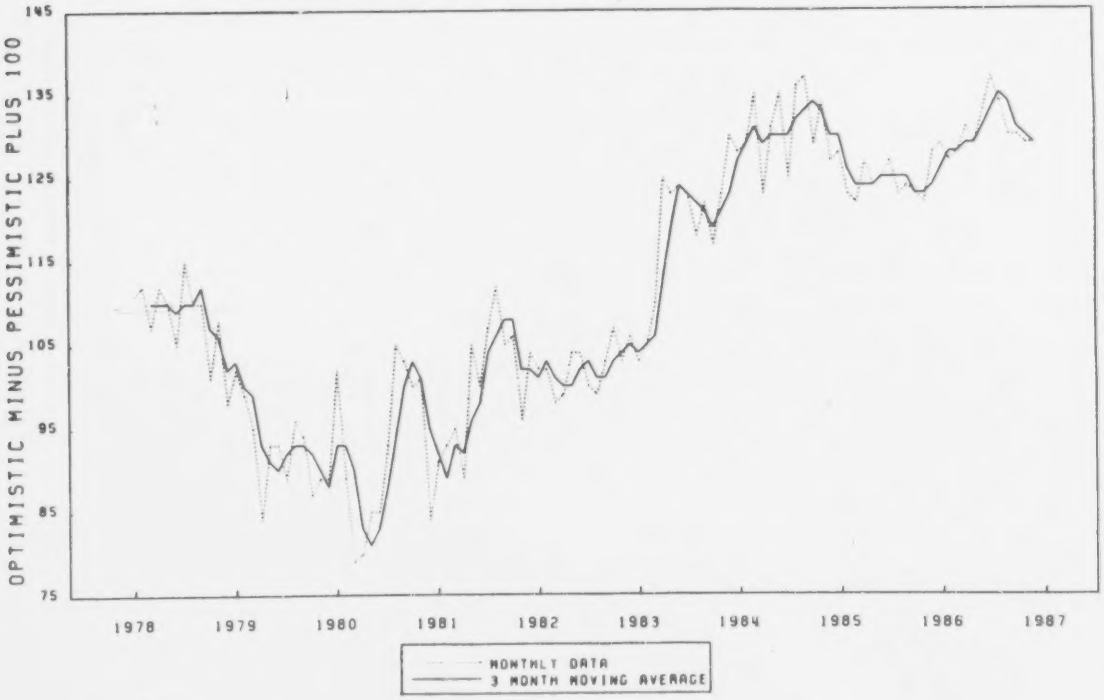


CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

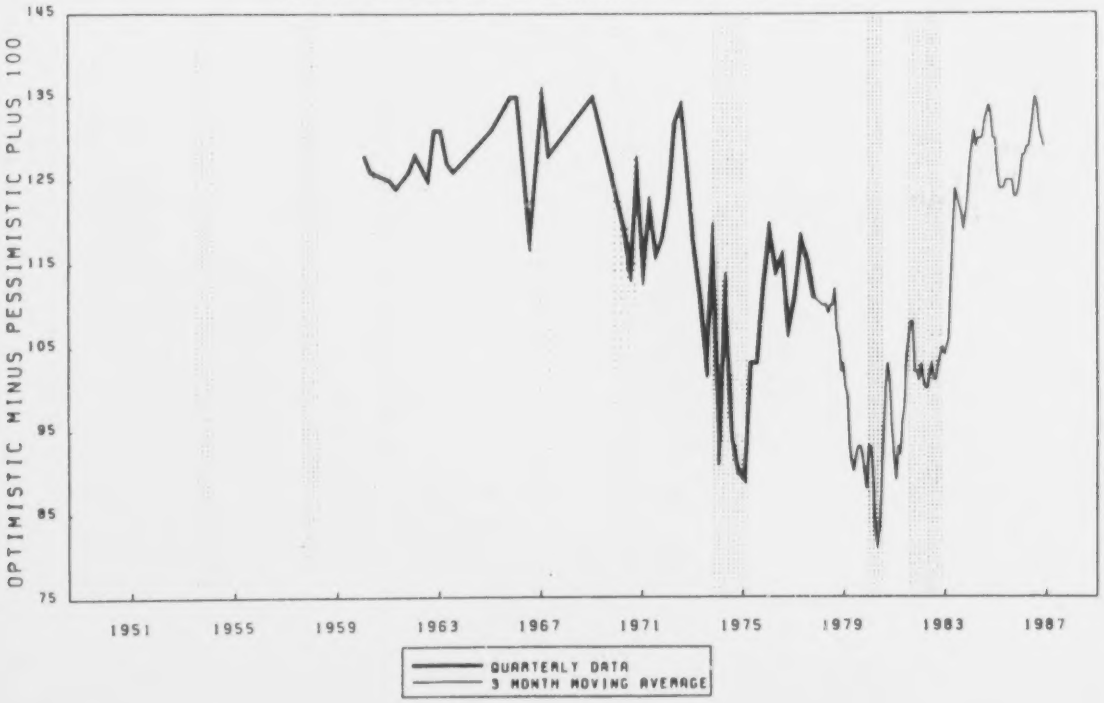


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	21%	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%
Intermittant increase (b)	29	29	29	27	28	26	29	29	32	29	27	29	29
Remain unchanged (c)	18	18	16	18	16	19	18	19	15	16	19	22	19
Intermittant decline (d)	17	16	16	14	16	15	14	12	13	15	16	13	14
Continuous decline (e)	4	5	6	7	4	4	4	3	6	5	3	5	4
Mixed change (f)	10	9	11	9	10	11	11	11	11	10	11	10	13
DK,NA	2	2	2	3	3	3	2	3	2	4	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

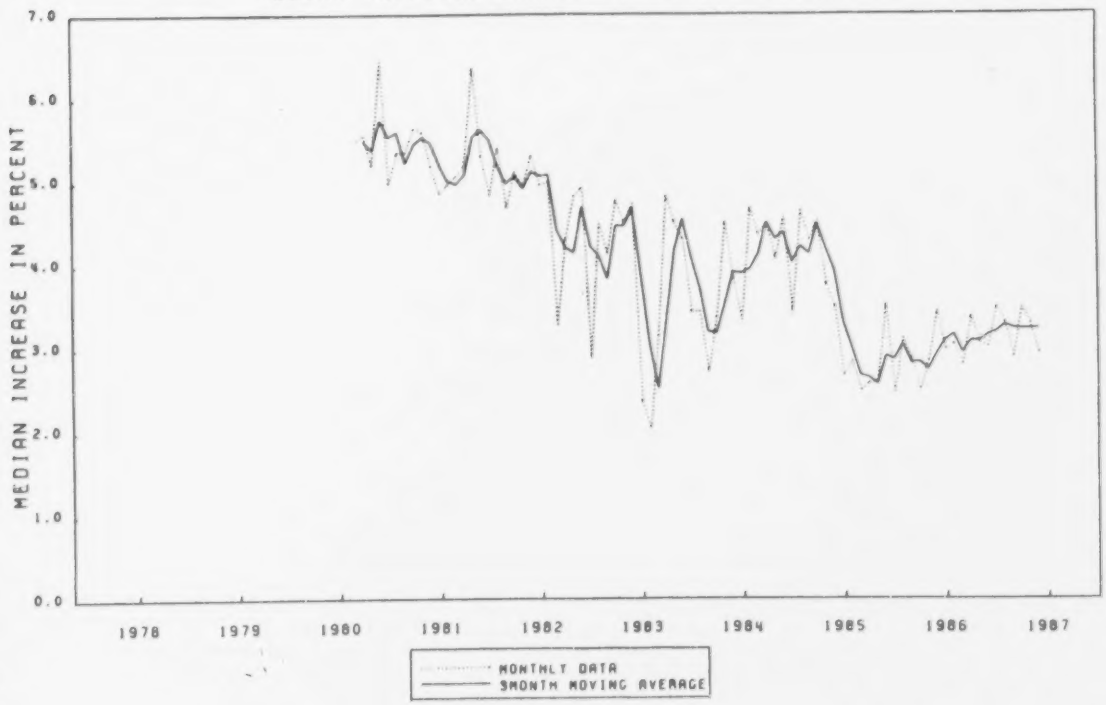


CHART 8 - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

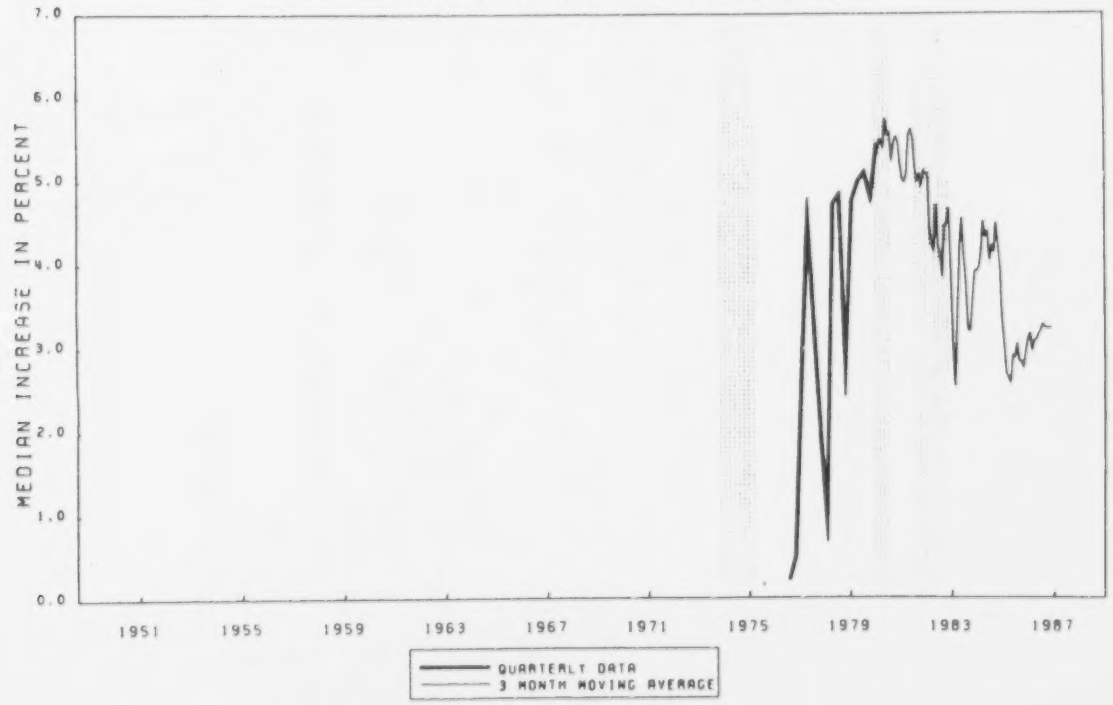


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
EXPECT INCREASE:													
1-4%	14%	11%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%
5%	11	12	10	10	9	9	11	12	11	15	12	13	12
6-9%	8	7	8	6	8	10	8	8	7	7	6	9	8
10-24%	17	16	16	14	19	15	15	17	14	15	19	15	14
25% or more	6	7	6	7	7	6	7	8	9	4	7	6	6
DK how much up	5	4	3	4	3	3	3	4	5	3	3	4	4
EXPECT SAME	25	28	27	27	25	25	25	22	24	26	26	23	26
EXPECT DOWN	12	14	12	15	15	14	14	14	13	13	12	12	12
DK,NA	2	1	1	1	1	2	2	*	1	1	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

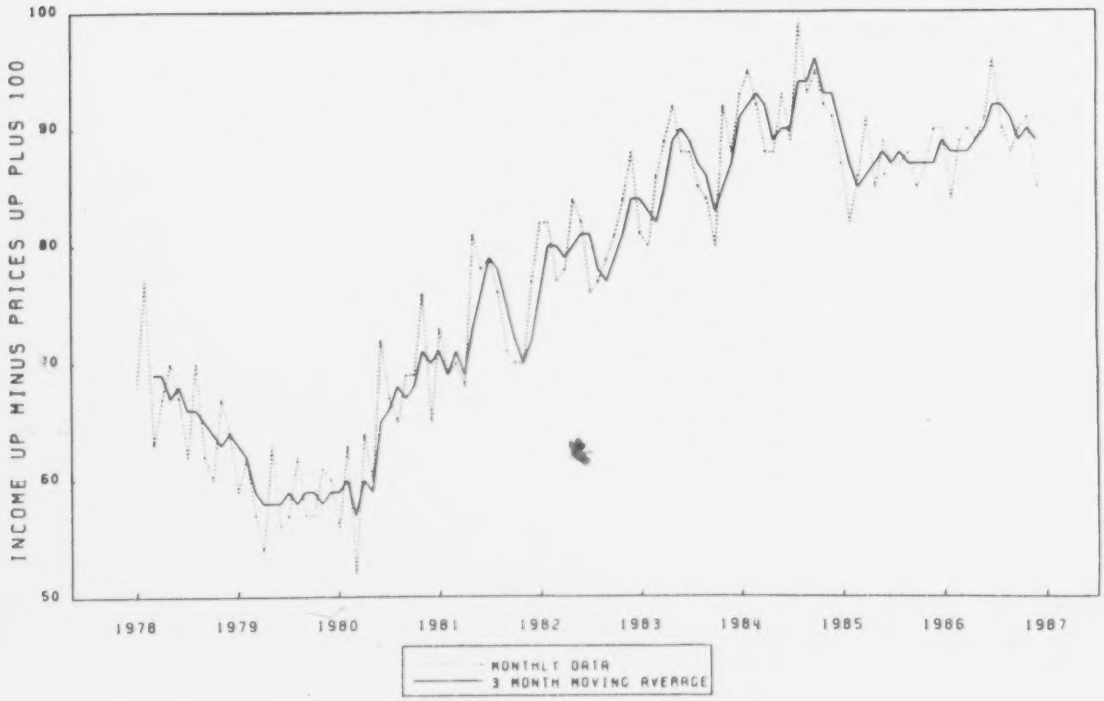


CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

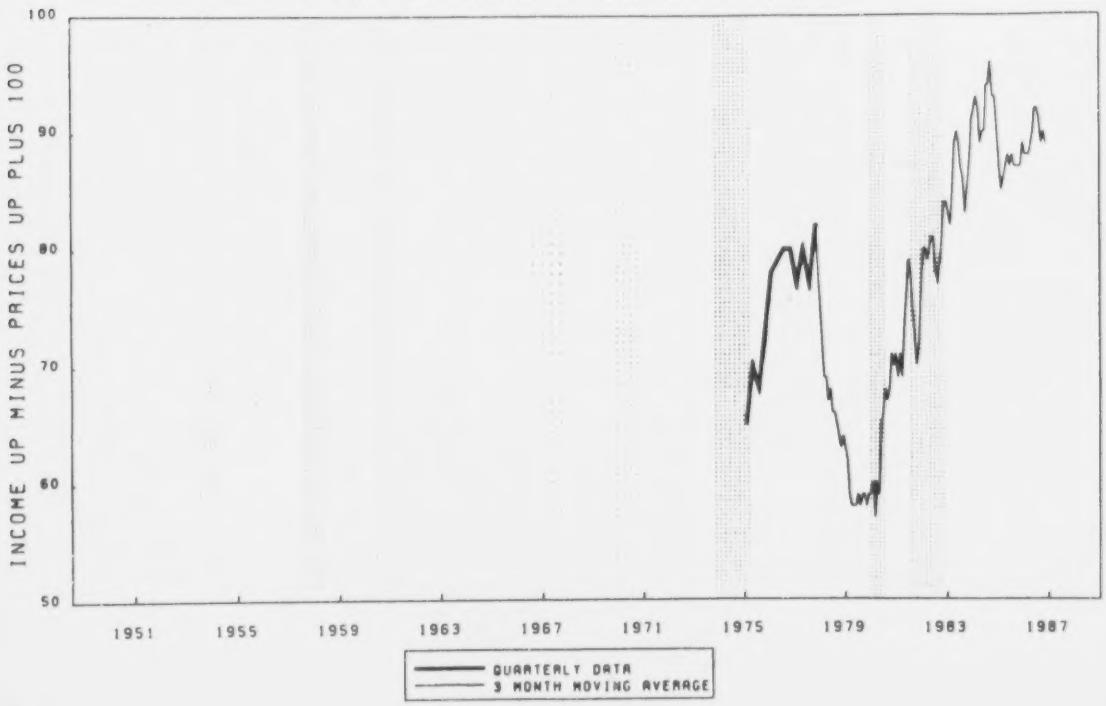


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
INCOME UP MORE	23%	21%	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%
INCOME UP SAME	42	47	43	44	45	44	43	47	44	47	45	47	45
PRICES UP MORE	33	31	35	32	31	32	32	28	32	32	32	30	34
DK,NA	2	1	3	3	3	3	2	1	2	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

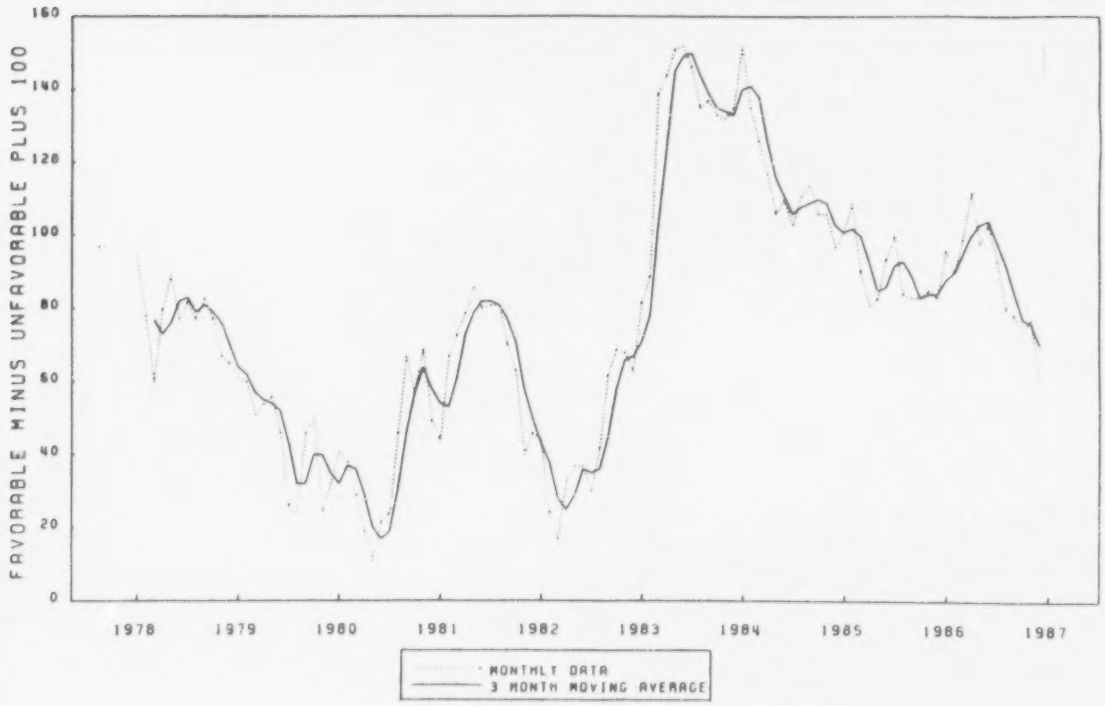


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

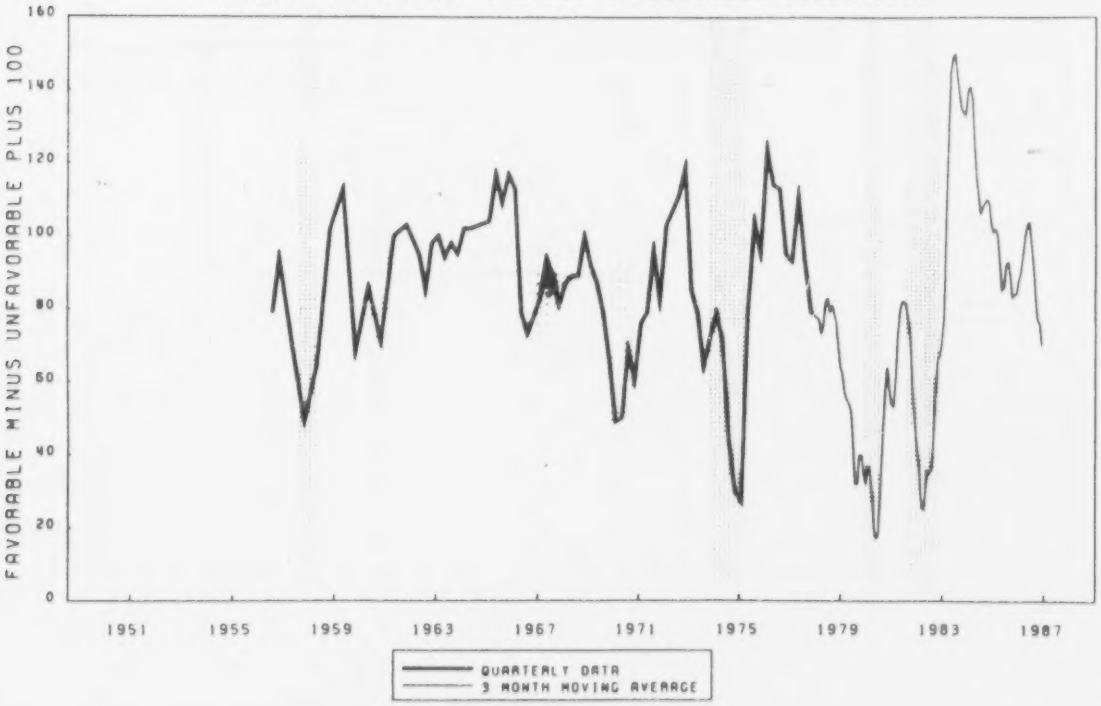


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
FAVORABLE NEWS	33%	37%	34%	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%
UNFAVORABLE NEWS	50	41	44	47	43	44	39	44	53	51	52	53	62
NO MENTIONS	47	47	46	43	38	44	46	45	44	49	48	47	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

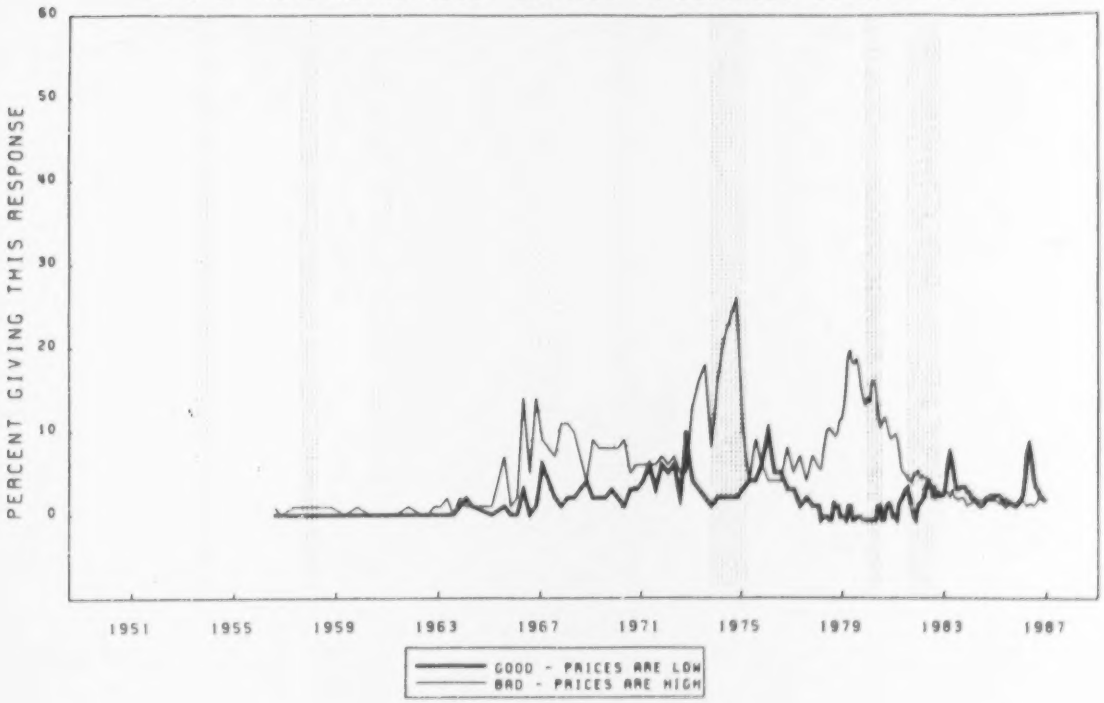


CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

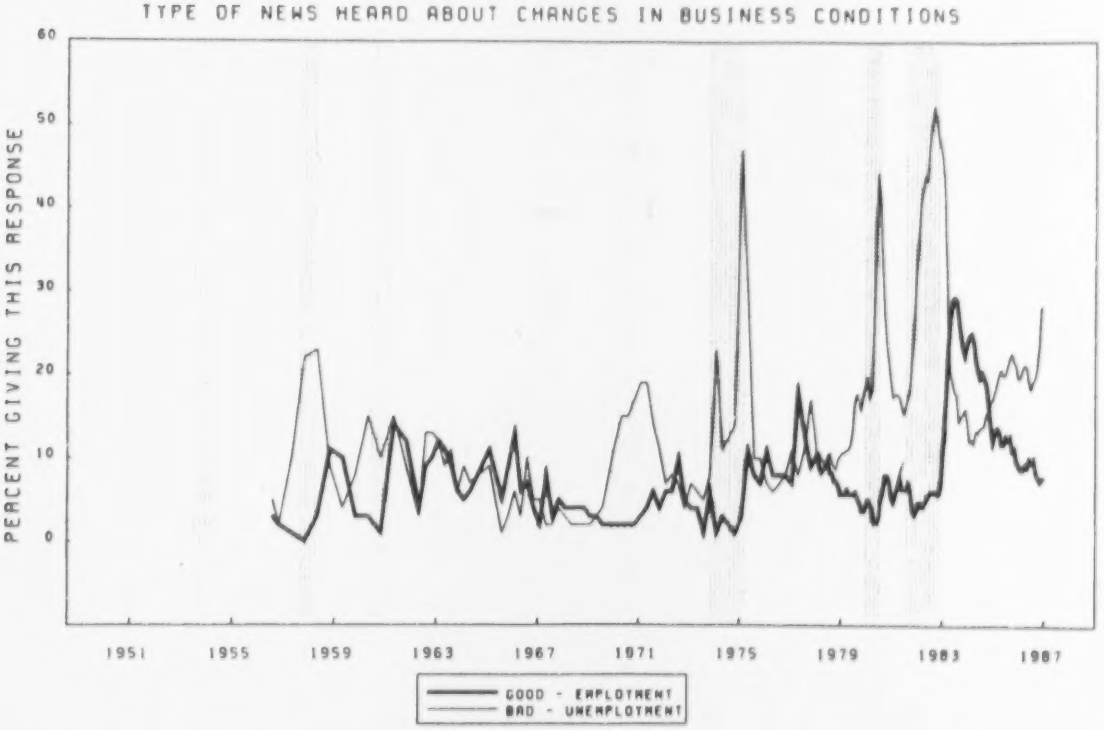


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
FAVORABLE NEWS:													
Government; elections	2%	2%	2%	*	1%	2%	3%	3%	2%	2%	1%	3%	1%
Employment	8	8	10	8	10	9	11	9	10	6	7	9	7
Higher consumer demand	3	3	1	3	3	2	2	1	3	2	3	2	2
Lower prices	2	2	3	8	11	6	3	4	3	2	2	2	1
Easier credit	7	9	8	15	17	11	9	11	7	11	8	5	5
UNFAVORABLE NEWS:													
Government; elections	5	5	3	3	3	3	4	5	5	6	8	6	8
Unemployment	20	18	21	23	20	20	18	19	21	19	23	29	33
Lower consumer demand	5	3	1	2	2	3	2	1	2	1	2	2	4
Higher prices	2	2	1	1	1	2	1	*	3	2	2	1	2
Tighter credit	2	1	*	*	1	1	2	1	1	1	*	1	1
Energy crisis	*	*	*	*	*	1	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

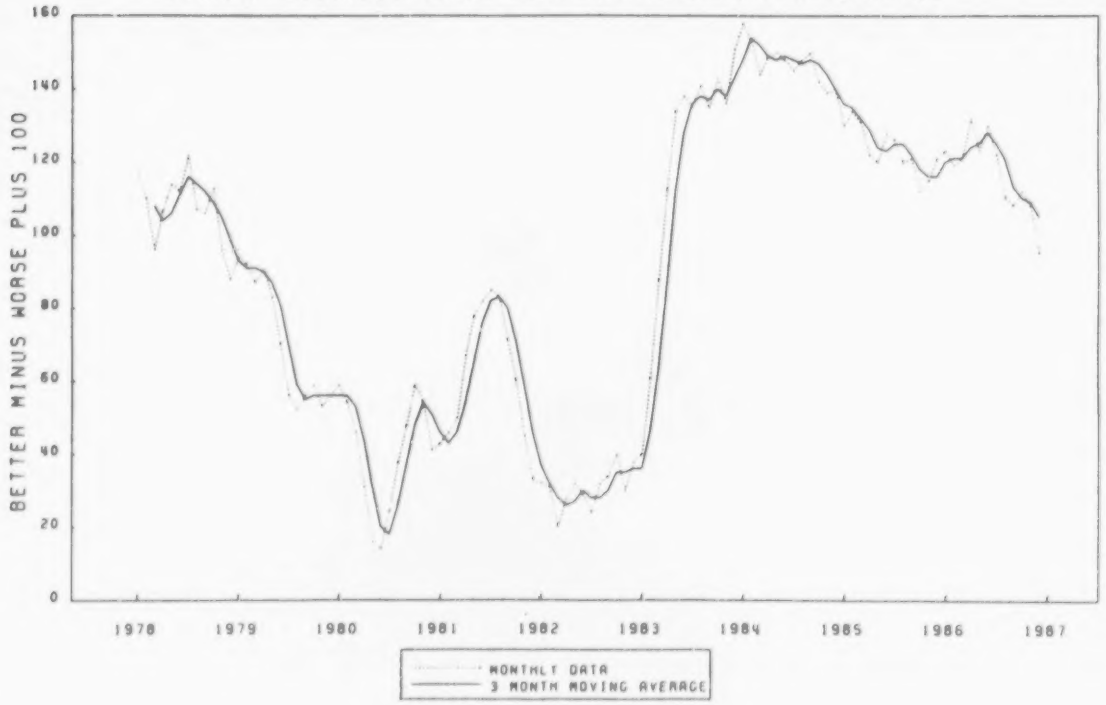


CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

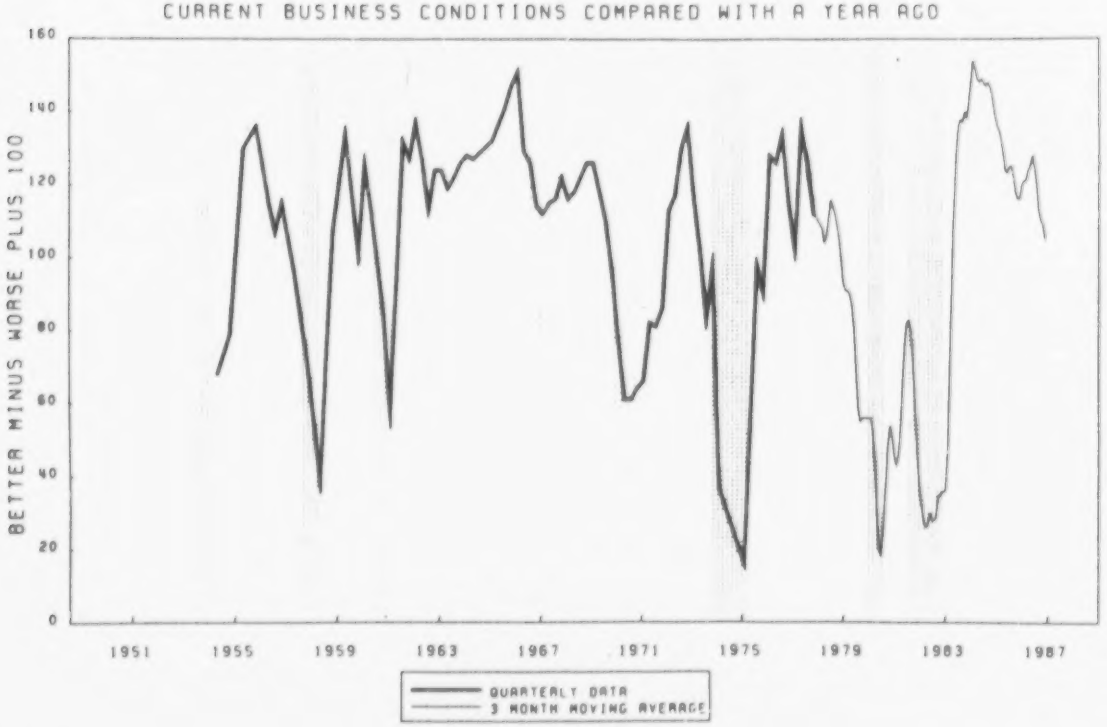


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER NOW	52%	52%	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%
SAME	16	17	15	13	9	13	8	14	14	13	15	16	13
WORSE NOW	31	29	32	32	29	31	30	31	37	39	35	37	45
DK,NA	1	2	2	2	1	2	2	2	2	1	3	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

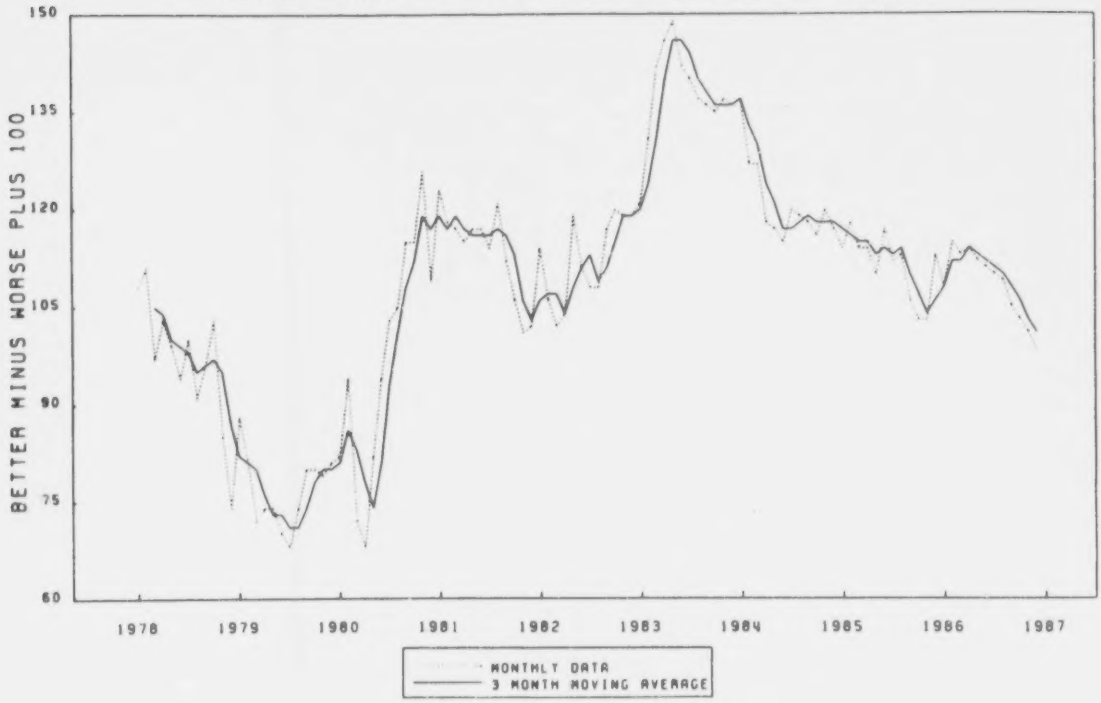


CHART 13 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

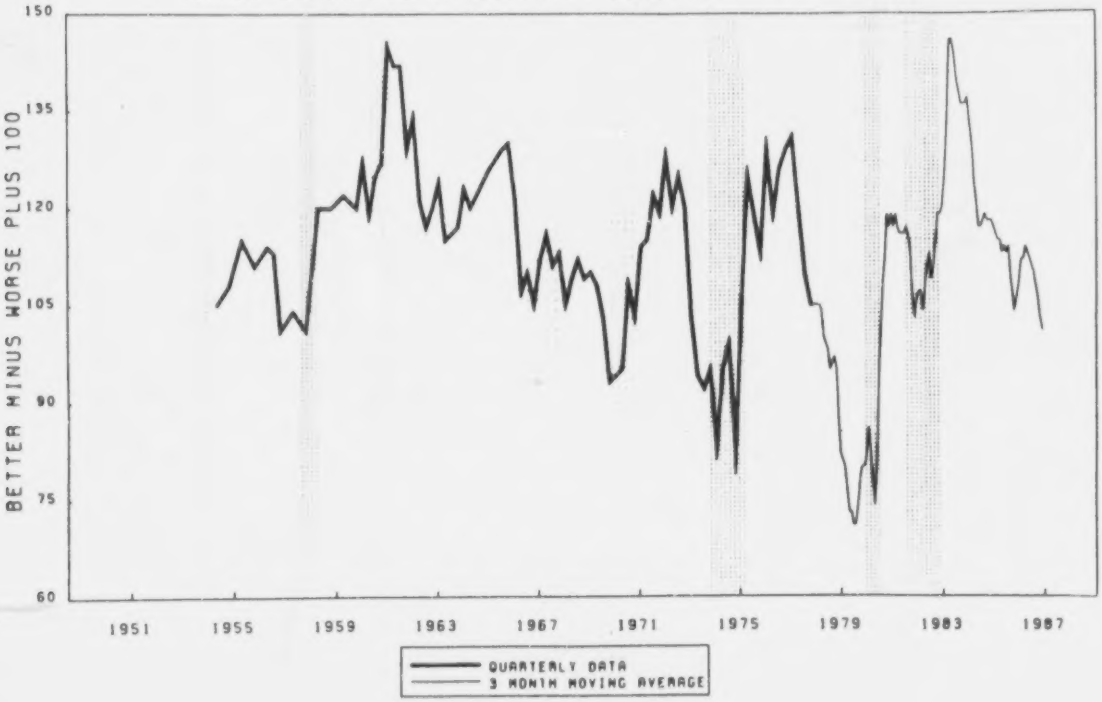


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER	27%	24%	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%
SAME	58	58	59	53	55	57	60	60	56	55	59	59	56
WORSE	14	16	12	16	15	14	14	14	17	18	18	19	22
DK,NA	1	2	2	2	1	3	1	2	1	4	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

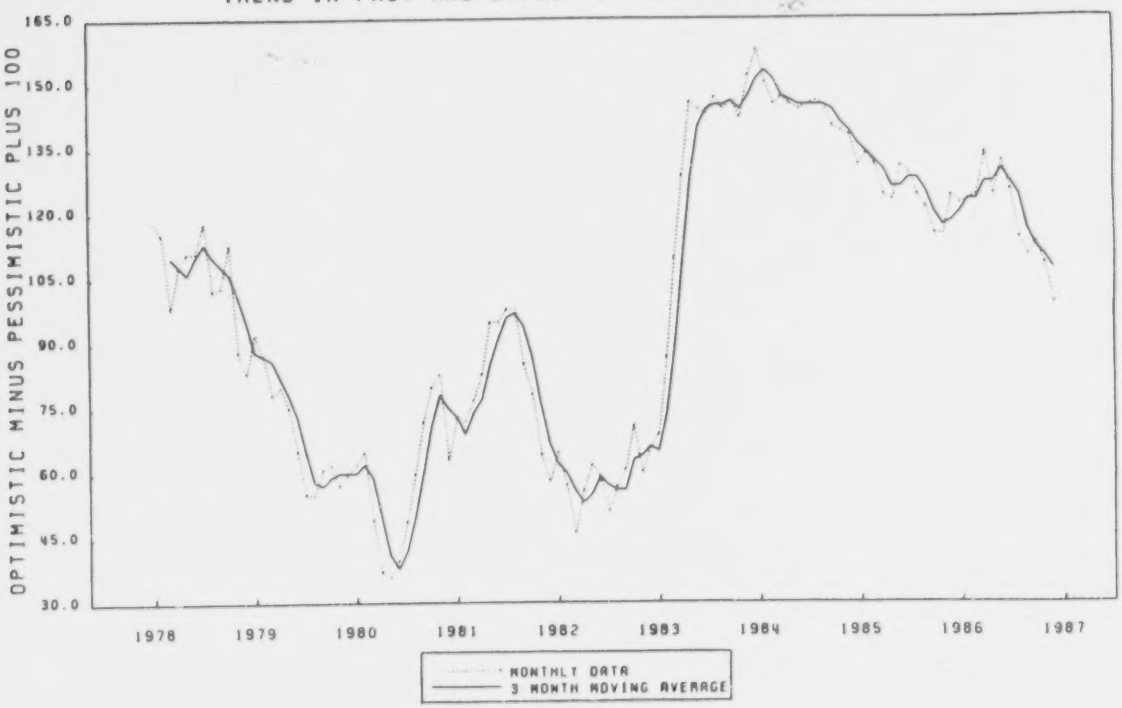


CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

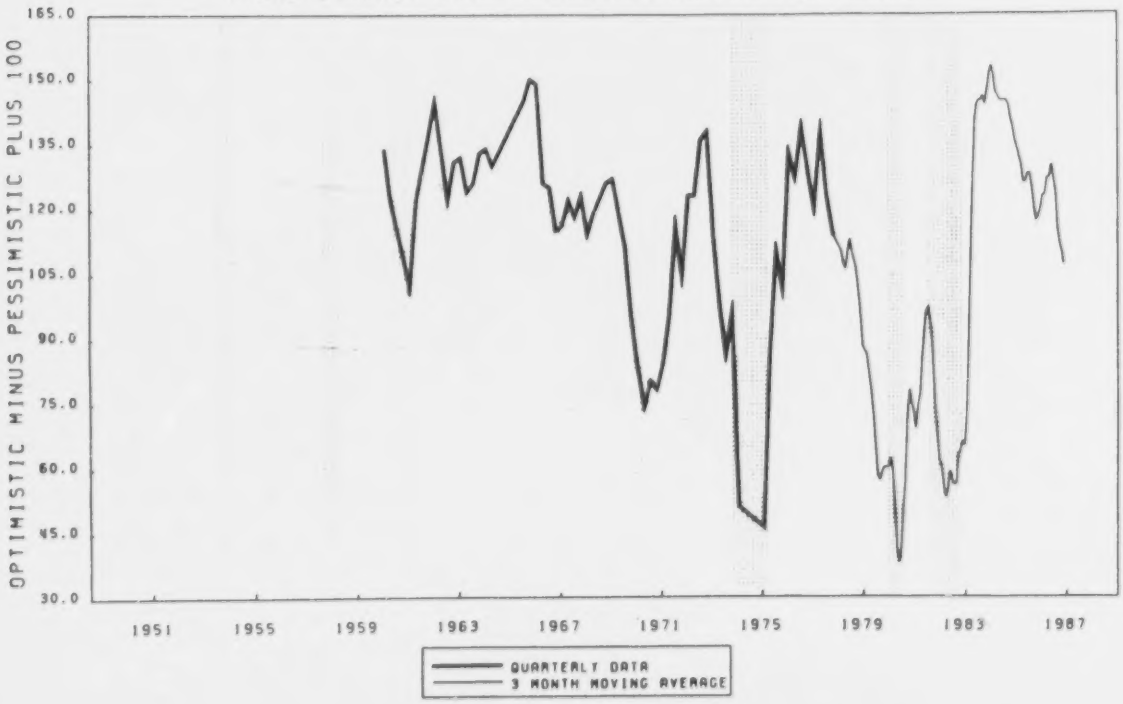


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
TREND:													
Continuous increase (a)	19%	16%	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%
Intermittant increase (b)	33	33	33	32	35	33	41	36	29	29	31	30	27
Remain unchanged (c)	10	11	10	7	7	8	5	10	10	8	10	10	10
Intermittant decline (d)	19	19	20	18	14	20	17	18	20	22	21	23	23
Continuous decline (e)	9	8	9	10	10	8	10	9	12	12	10	11	17
Mixed change (f)	7	10	6	10	8	9	7	8	9	10	11	11	7
DK,NA	3	3	3	3	3	3	2	3	3	4	4	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

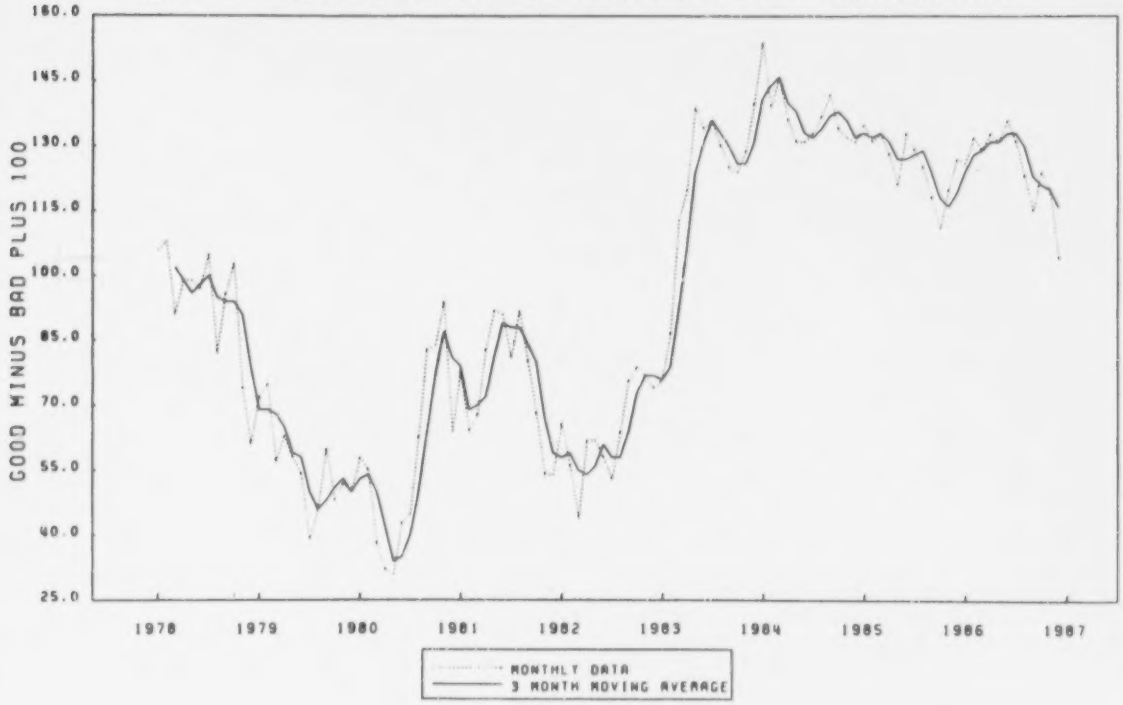


CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

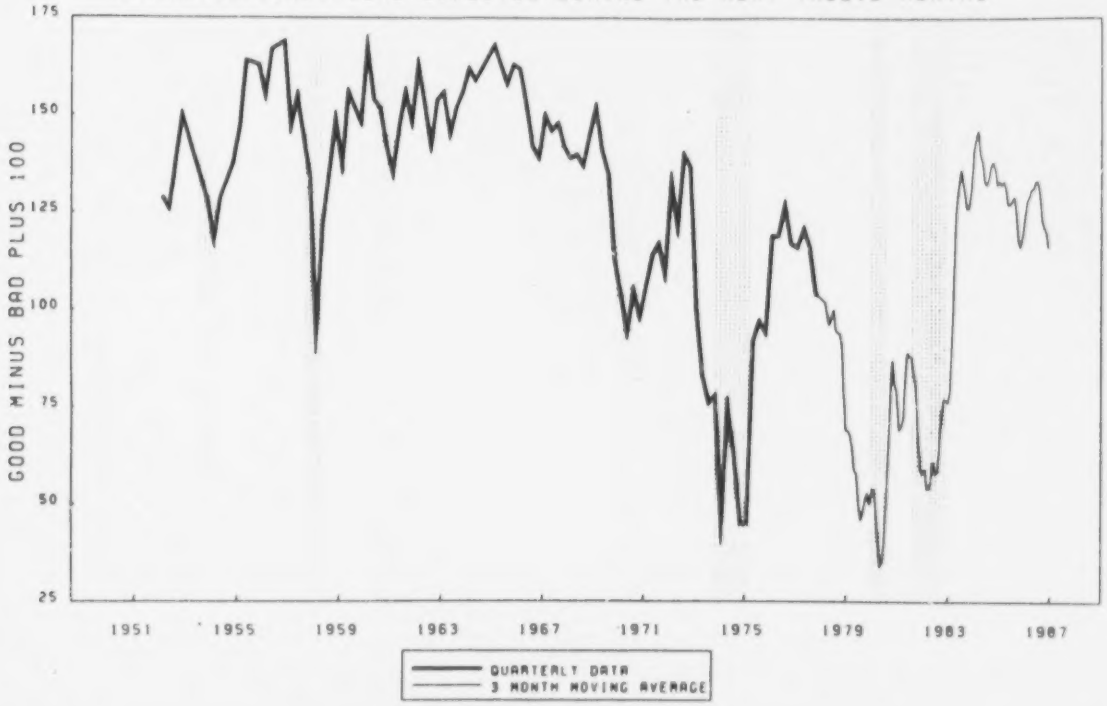


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIMES	57%	58%	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%
UNCERTAIN; GOOD & BAD	4	3	2	3	2	2	2	3	4	3	3	3	2
BAD TIMES	30	32	29	29	28	29	26	30	32	35	31	33	41
DON'T KNOW	7	5	4	7	6	5	6	4	5	8	4	5	5
NOT ASCERTAINED	2	2	4	3	3	4	4	2	4	4	7	6	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

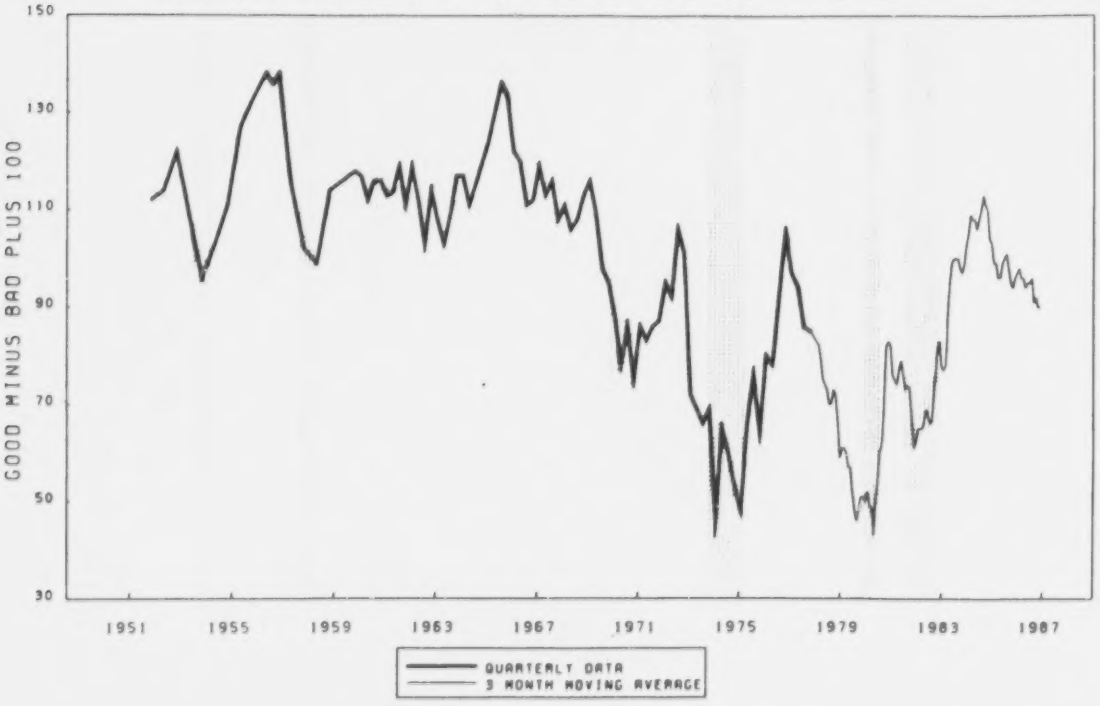


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIMES	40%	39%	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%
UNCERTAIN; GOOD & BAD	17	12	11	13	18	14	14	13	10	11	13	14	13
BAD TIMES	37	46	44	43	42	45	40	44	45	49	42	48	50
NOT ASCERTAINED	6	3	3	5	4	4	6	5	6	7	4	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES

EXPECTED CHANGE IN UNEMPLOYMENT

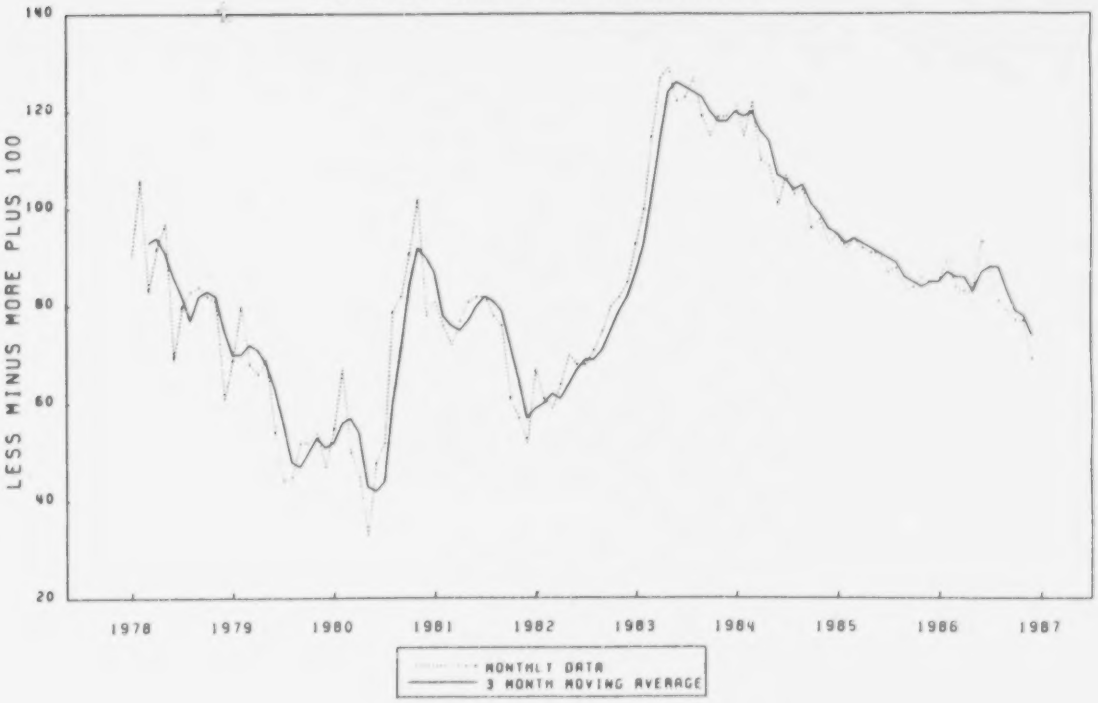


CHART 17 - HISTORICAL SERIES

EXPECTED CHANGE IN UNEMPLOYMENT

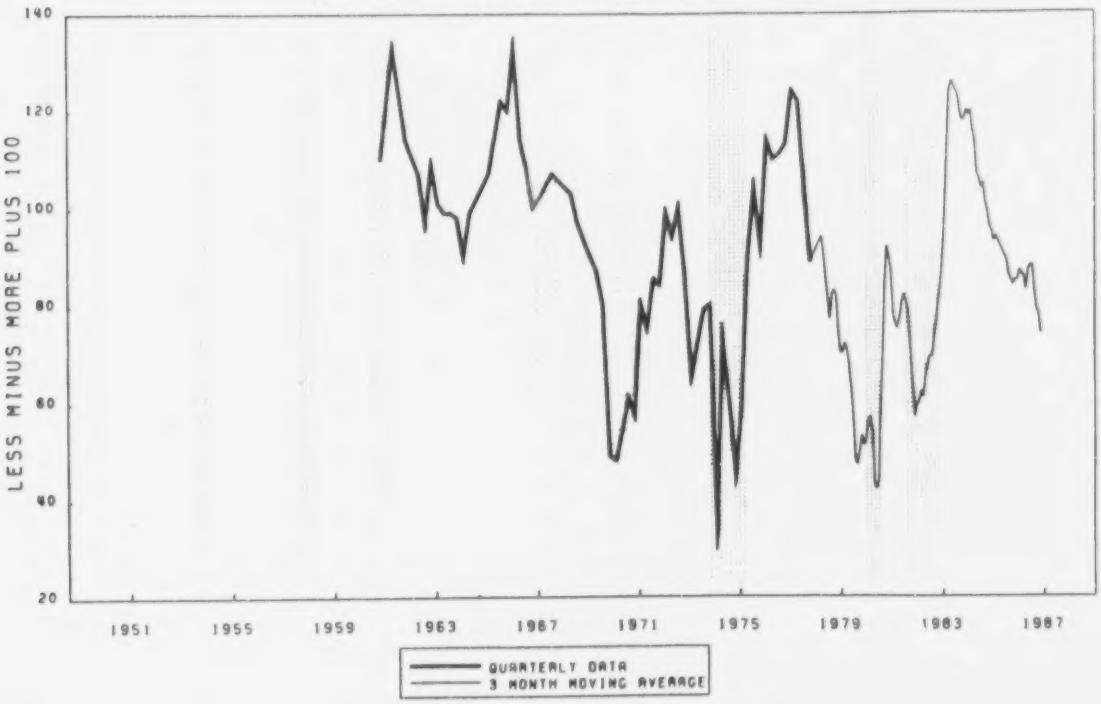


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
LESS	15%	15%	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%
SAME	54	54	51	48	51	54	53	56	54	54	55	54	46
MORE	30	30	29	33	32	31	26	27	32	32	33	34	42
DK,NA	1	1	1	2	2	1	1	2	1	3	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES

EXPECTED CHANGE IN INTEREST RATES

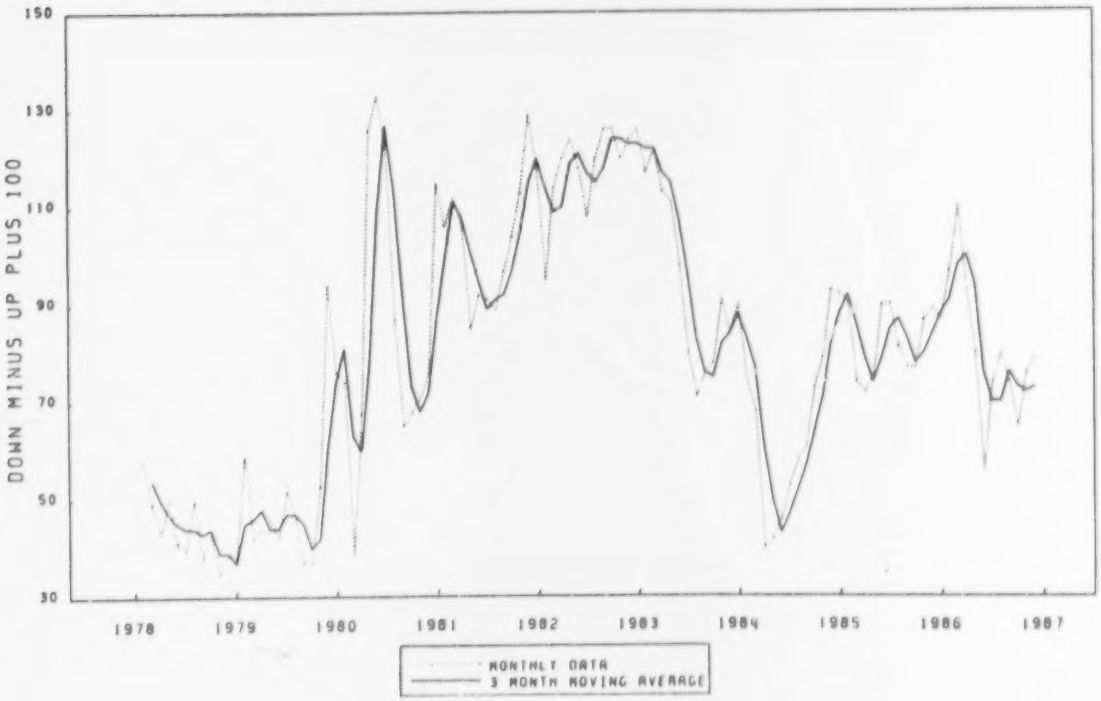


CHART 18 - HISTORICAL SERIES

EXPECTED CHANGE IN INTEREST RATES

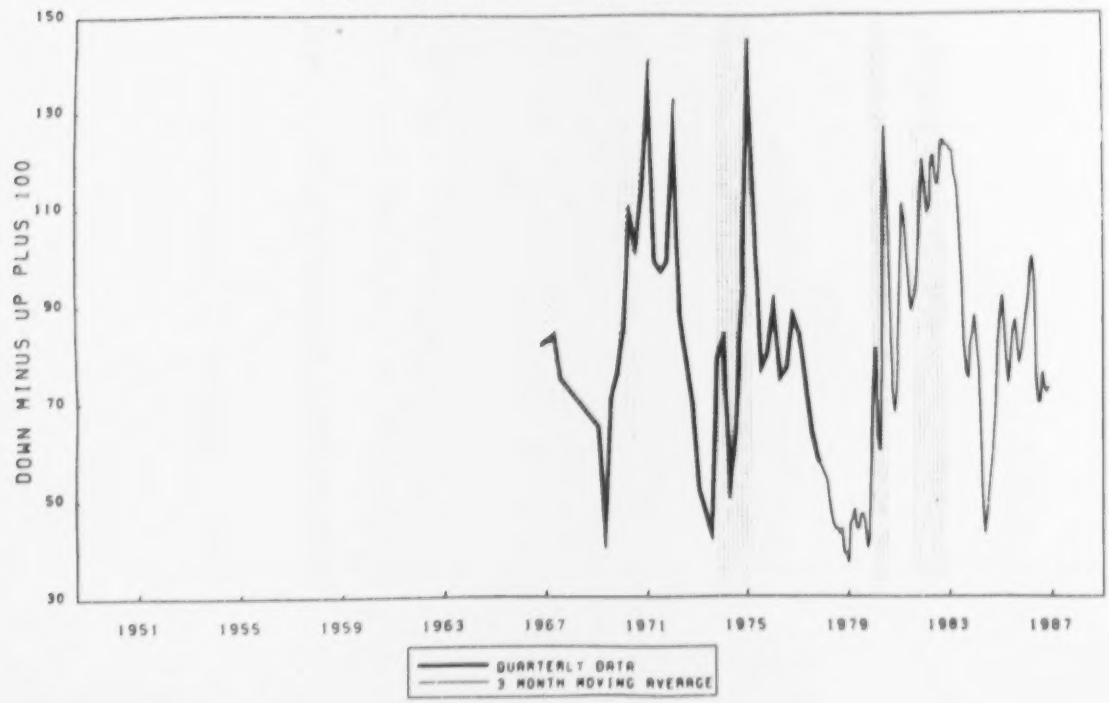


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1996
GO UP	36%	38%	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%
STAY THE SAME	37	34	40	35	34	35	34	35	34	26	33	37	37
GO DOWN	25	25	27	36	28	21	10	19	22	23	15	19	20
DK,NA	2	3	3	3	3	3	2	1	2	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

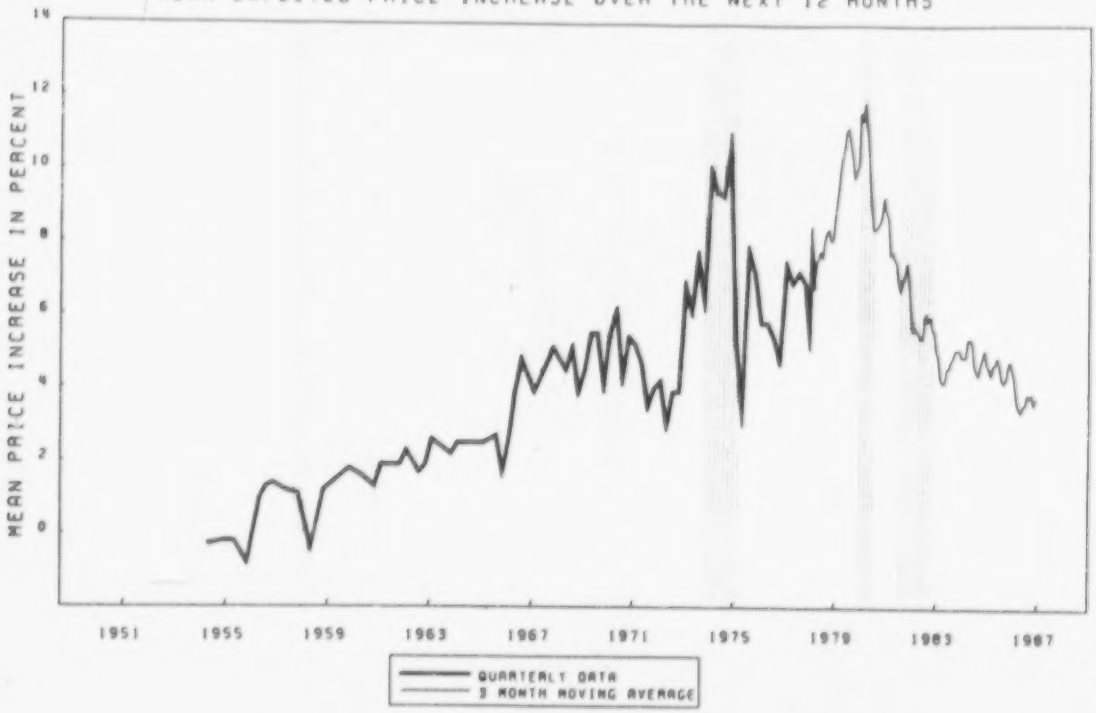


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
SAME OR DOWN	21%	24%	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%
WILL GO UP BY:													
1-2%	11	16	16	13	15	13	20	13	18	18	17	19	18
3-4%	22	24	19	16	18	22	20	23	24	23	19	25	23
5%	18	14	17	15	11	14	16	16	14	16	21	15	17
6-9%	6	6	6	4	5	5	6	5	7	5	5	6	7
10-14%	9	6	5	6	7	6	6	5	8	5	8	7	6
15% or more	7	5	3	3	4	3	4	4	4	3	2	2	4
DK how much up	5	4	4	6	4	4	5	4	4	6	5	3	4
DK,NA	1	1	2	1	1	2	1	1	*	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1
VARIANCE	43	47	38	39	42	27	23	32	38	18	17	28	32
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

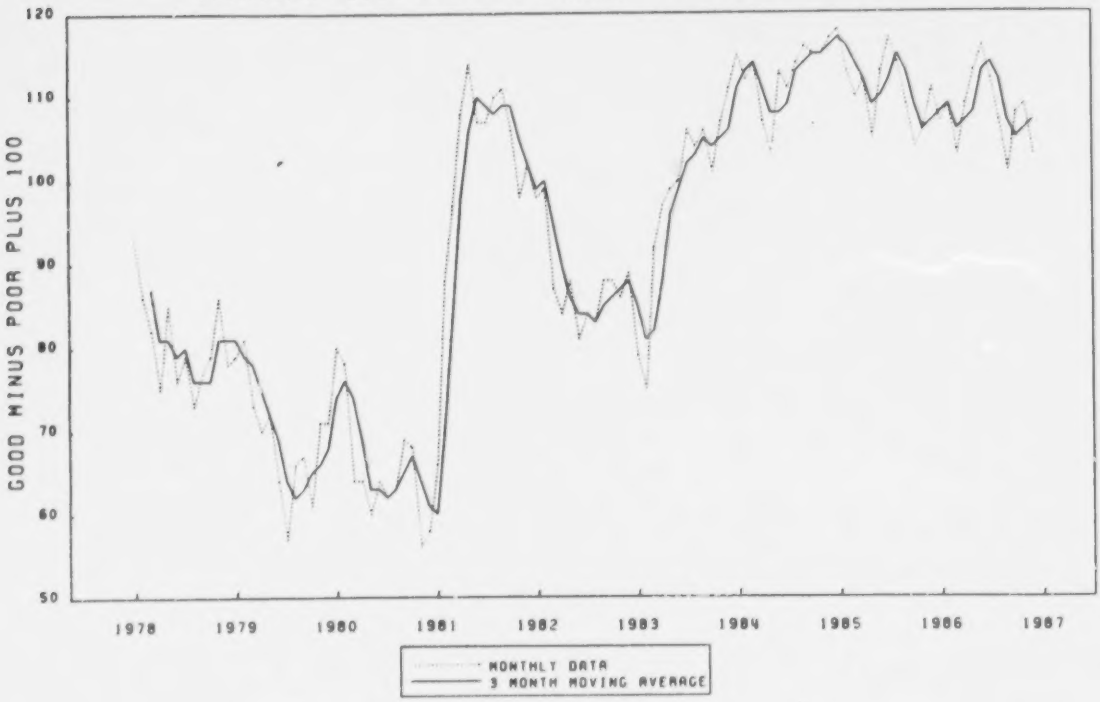


CHART 20 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

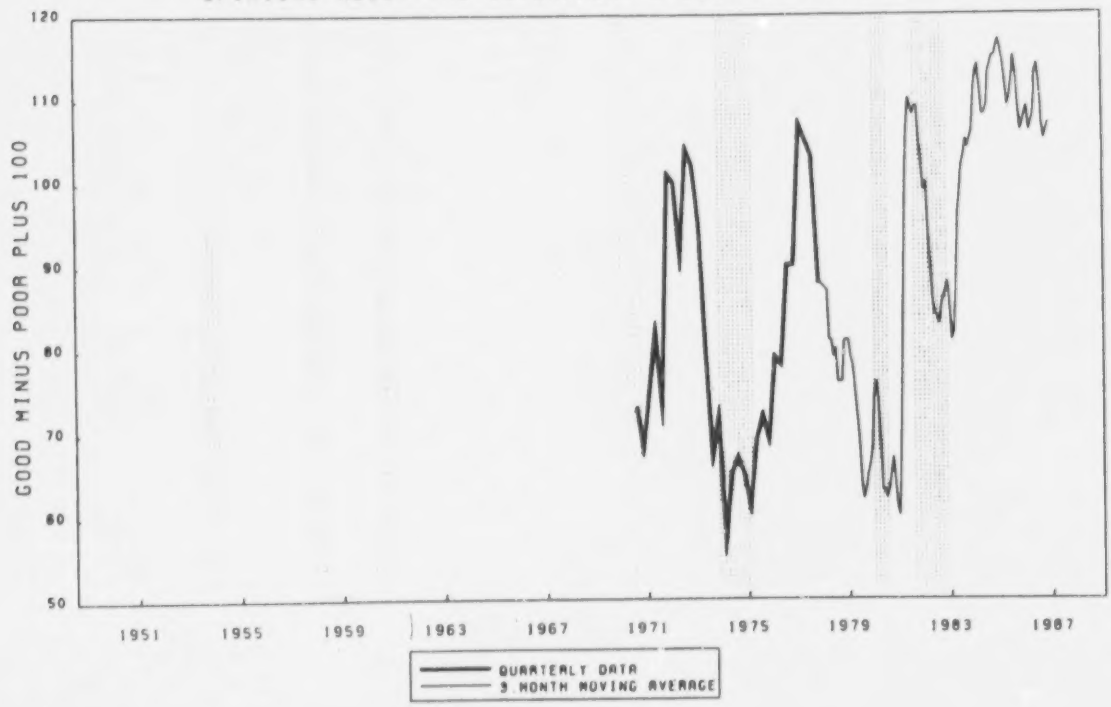


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
A GOOD JOB	28%	27%	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%
ONLY FAIR	53	52	48	51	50	49	49	52	50	54	52	51	49
A POOR JOB	17	20	20	22	20	17	17	17	21	21	19	19	23
DK,NA	2	1	3	2	1	4	1	2	1	3	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

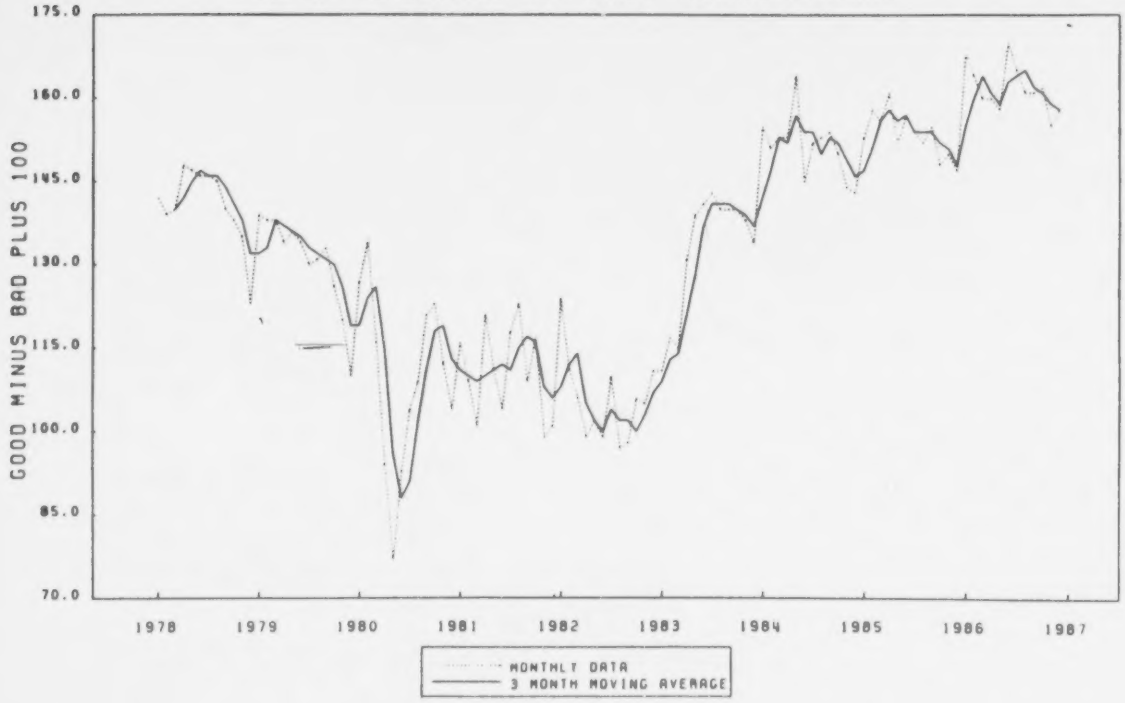


CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

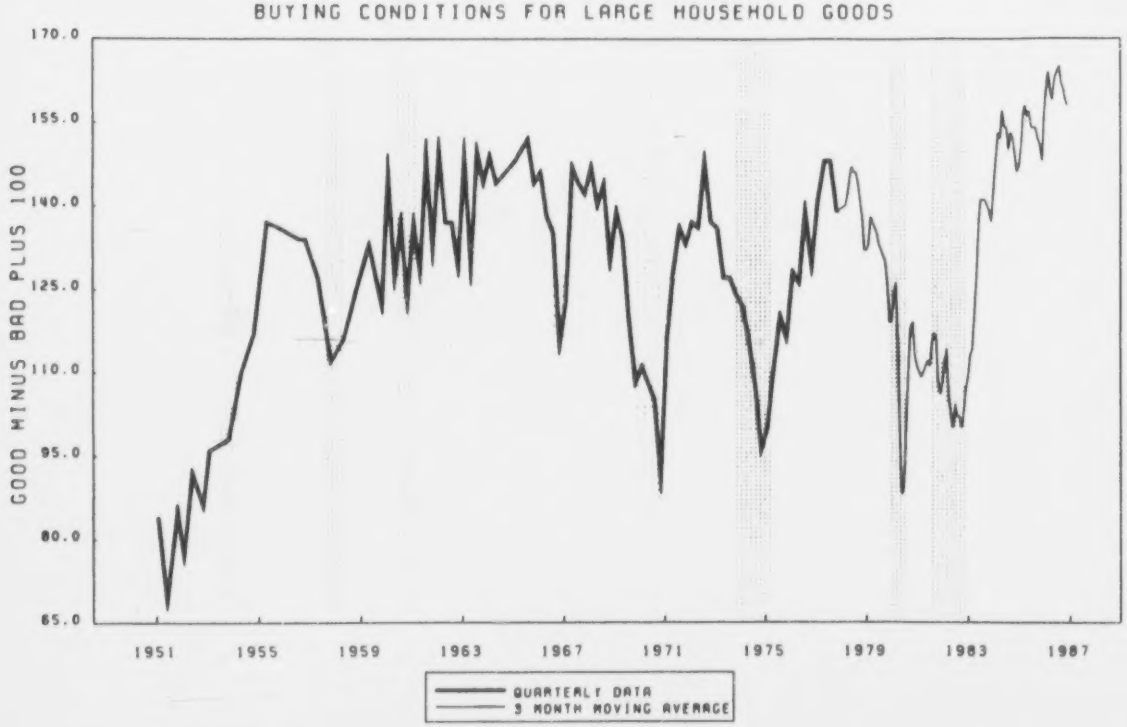


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY	69%	80%	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%
UNCERTAIN, DEPENDS	9	8	8	10	10	8	8	7	7	9	10	11	8
BAD TIME TO BUY	22	12	14	15	15	17	11	14	16	15	14	17	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

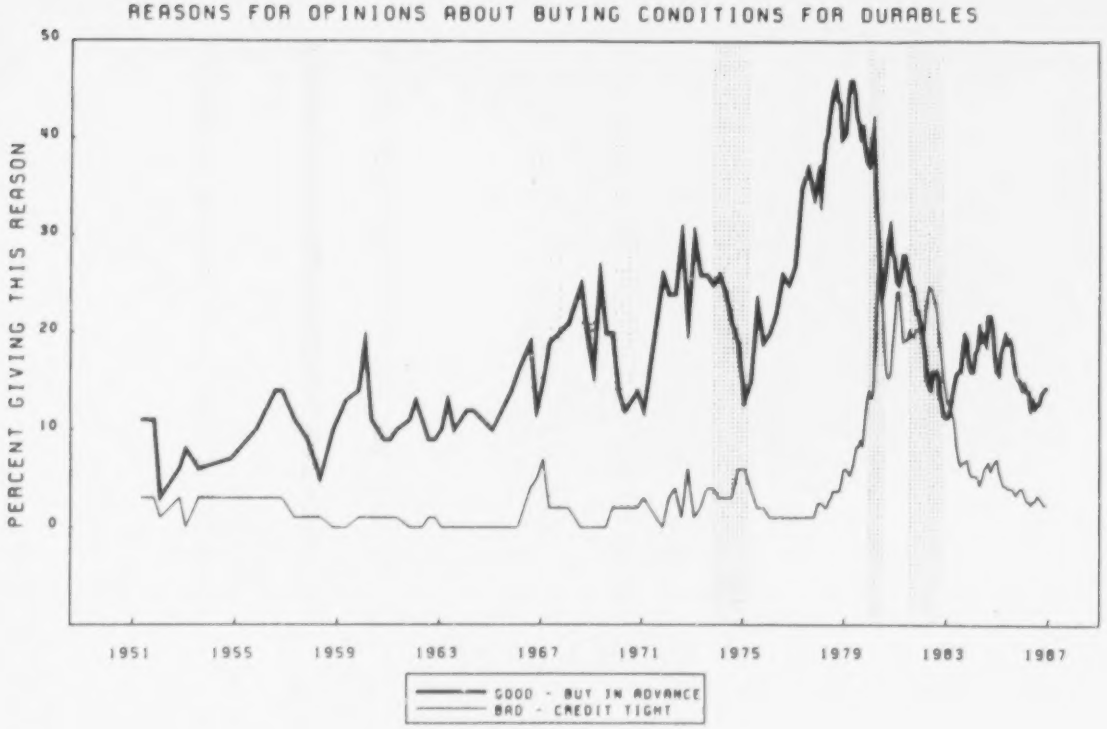


CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

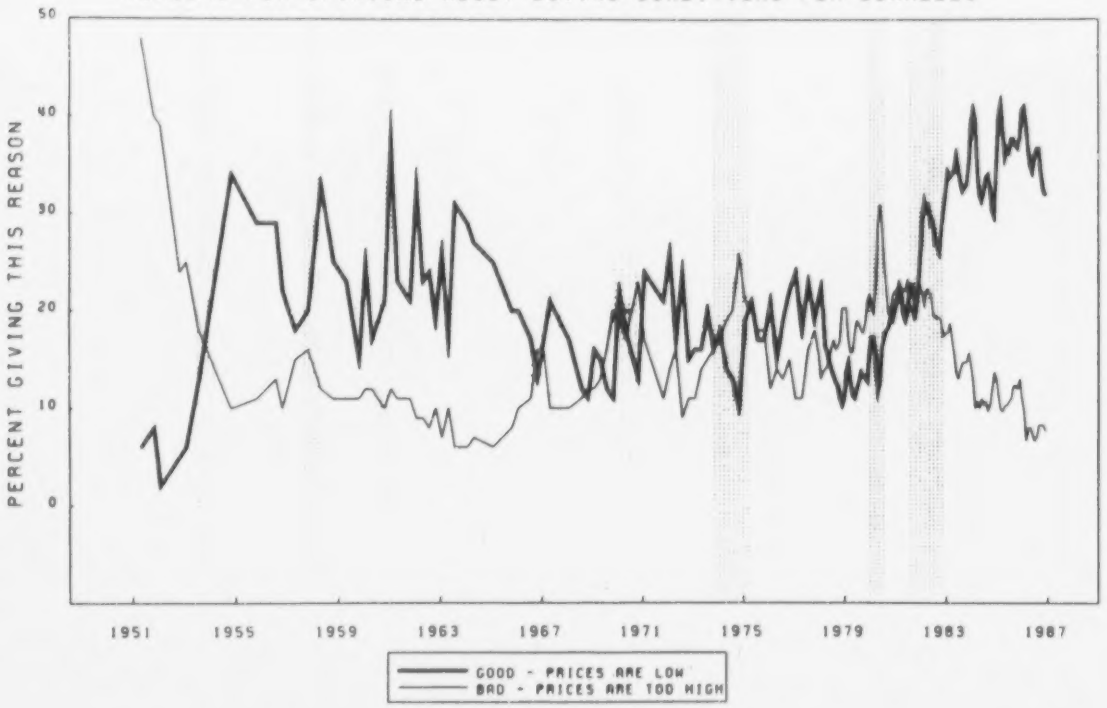


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	42%	43%	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%
Prices won't come down; are going higher	14	13	17	12	13	12	14	11	13	14	14	14	15
Interest rates low; credit is easy	12	18	20	21	29	31	31	26	26	29	26	25	18
BAD TIME TO BUY:													
Prices are high	17	5	7	8	9	7	6	7	8	10	7	8	8
Interest rates are high; credit is tight	4	3	3	2	3	2	3	3	4	2	2	3	2
Lack of purchasing power	5	6	6	8	7	9	5	6	7	8	7	8	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

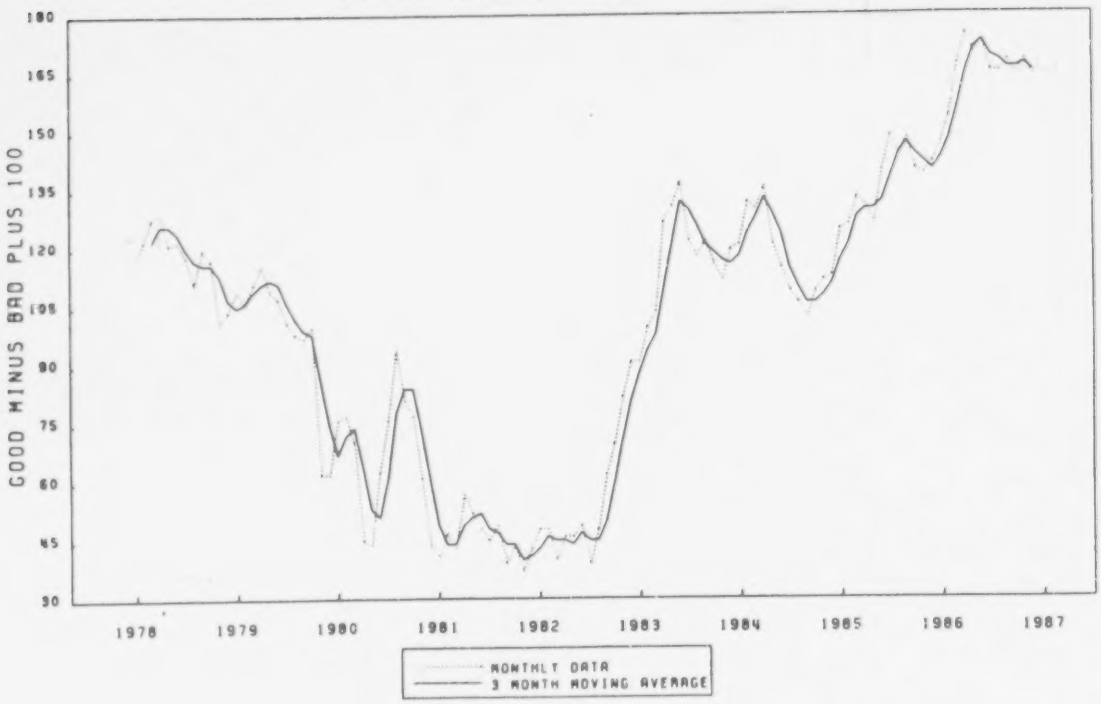


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

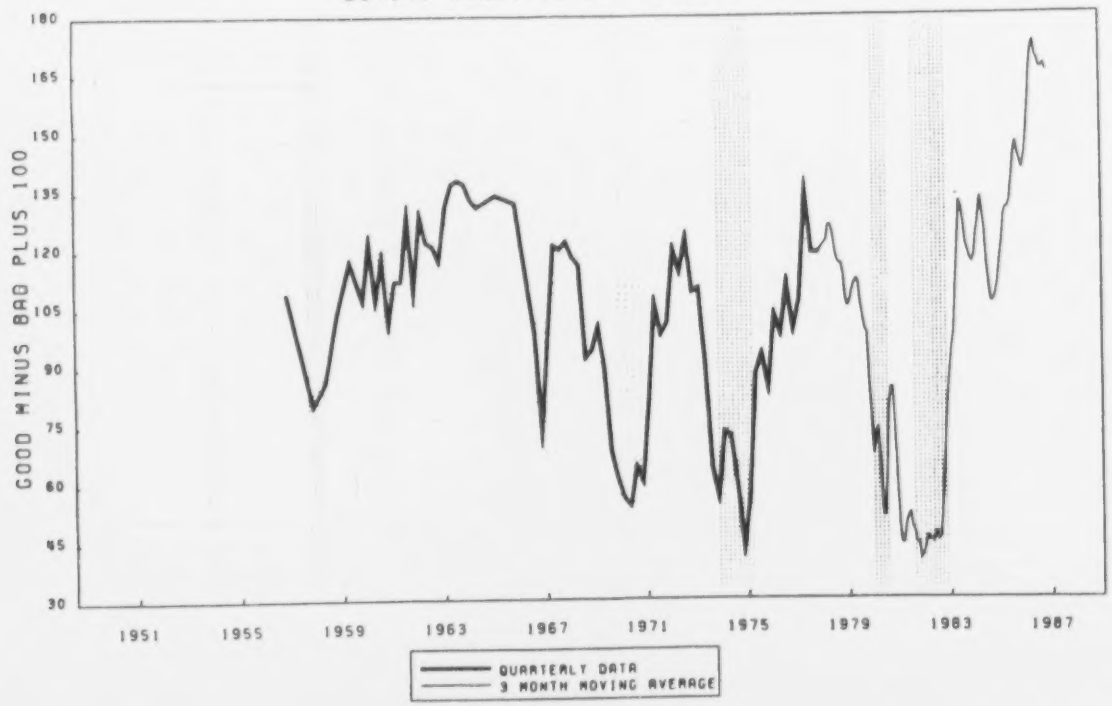


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY	68%	72%	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%
UNCERTAIN, DEPENDS	6	3	2	3	3	4	1	1	3	2	2	2	4
BAD TIME TO BUY	26	25	22	15	11	13	13	17	16	15	17	15	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

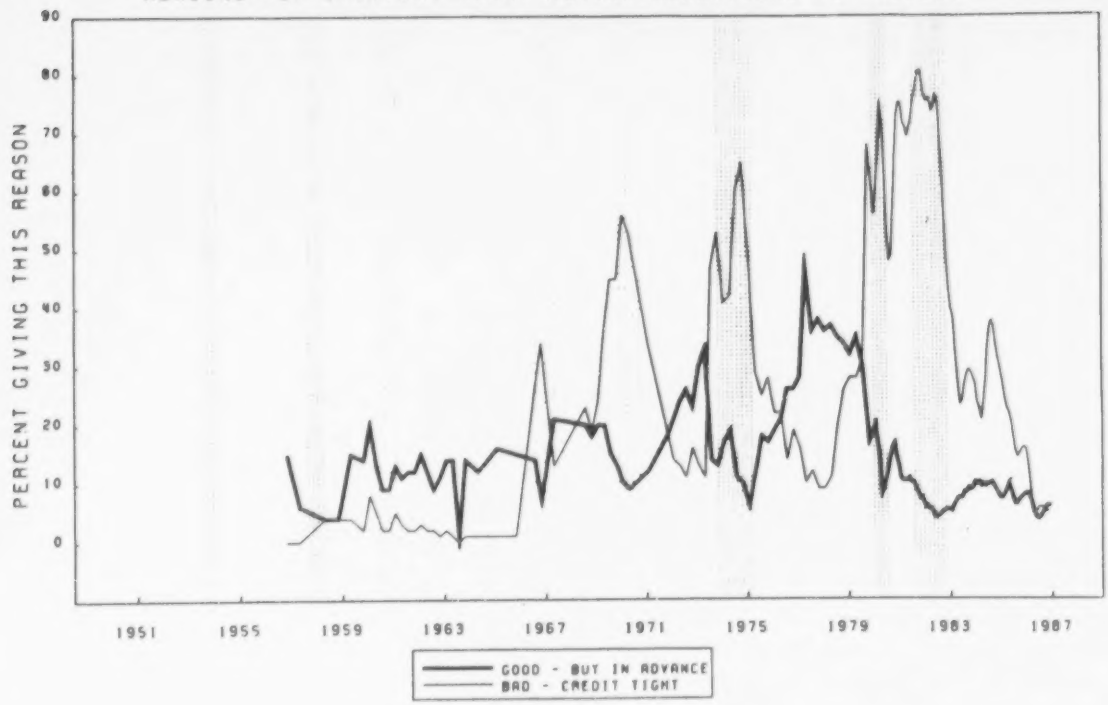


CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

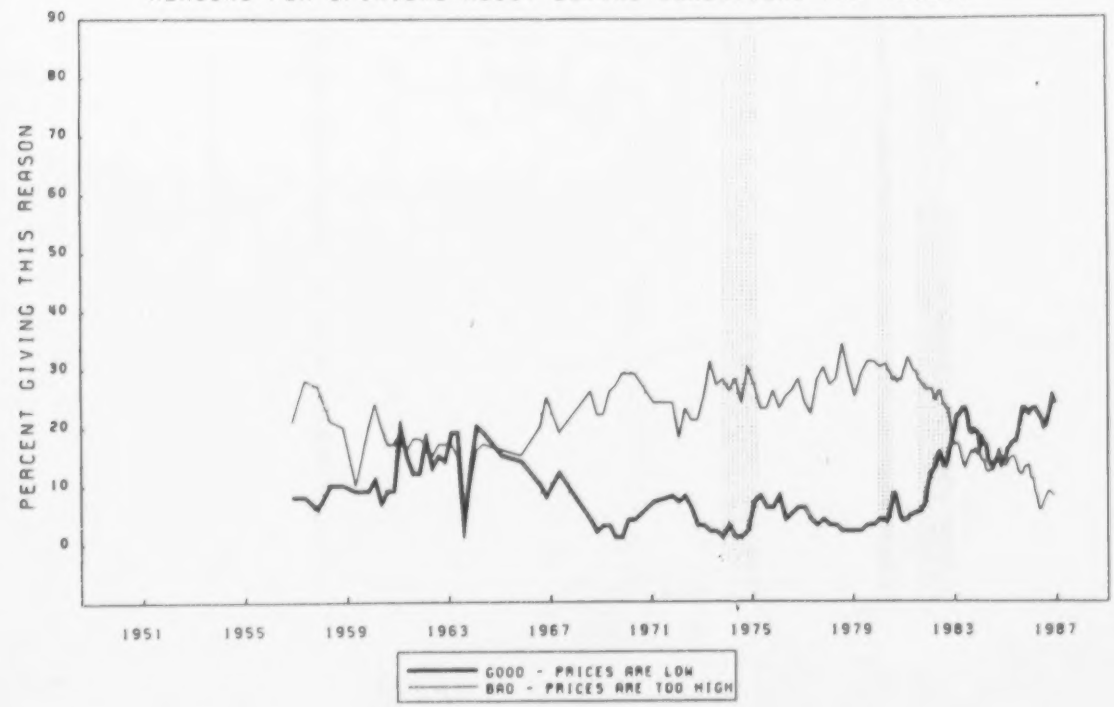


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	24%	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%
Prices won't come down; are going higher	8	8	8	6	5	3	4	4	4	6	6	6	6
Interest rates low; credit is easy	53	60	64	76	83	80	83	77	78	79	75	75	73
Good investment	5	6	4	5	3	3	3	5	3	5	6	5	6
BAD TIME TO BUY:													
Prices are high	13	8	12	6	5	6	6	9	8	9	9	7	8
Interest rates are high; credit is tight	15	14	11	5	4	5	5	7	5	5	5	5	5
Lack of purchasing power	6	10	8	8	6	6	6	7	8	6	8	8	7

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

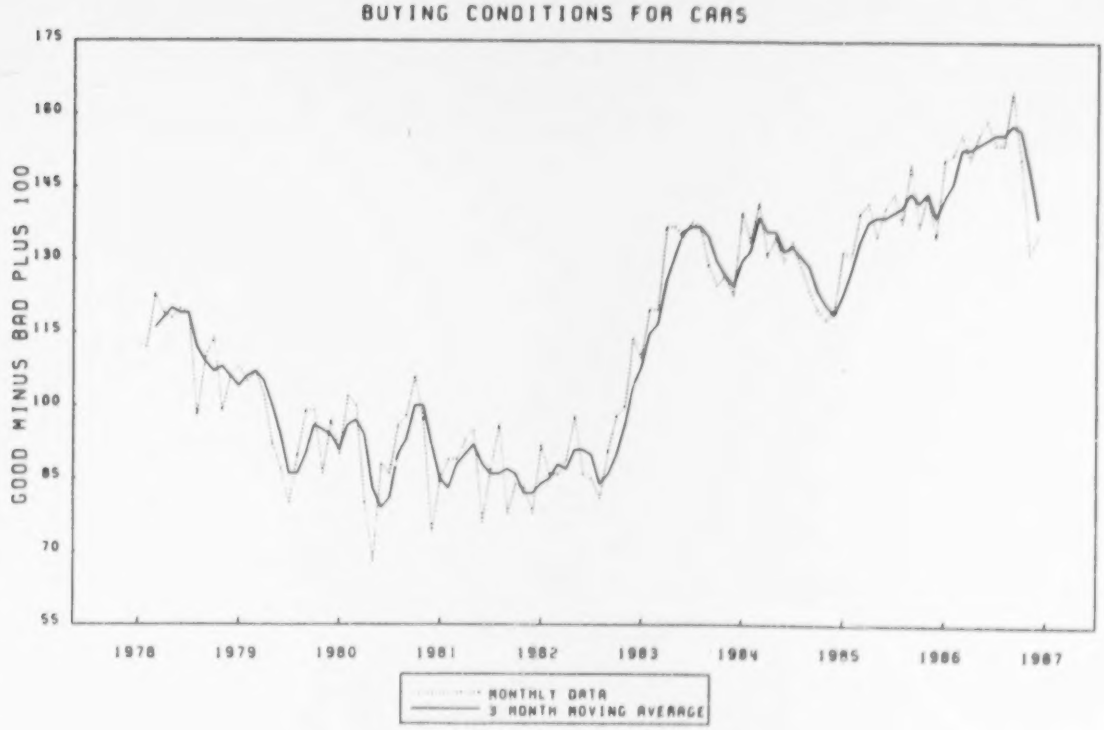


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

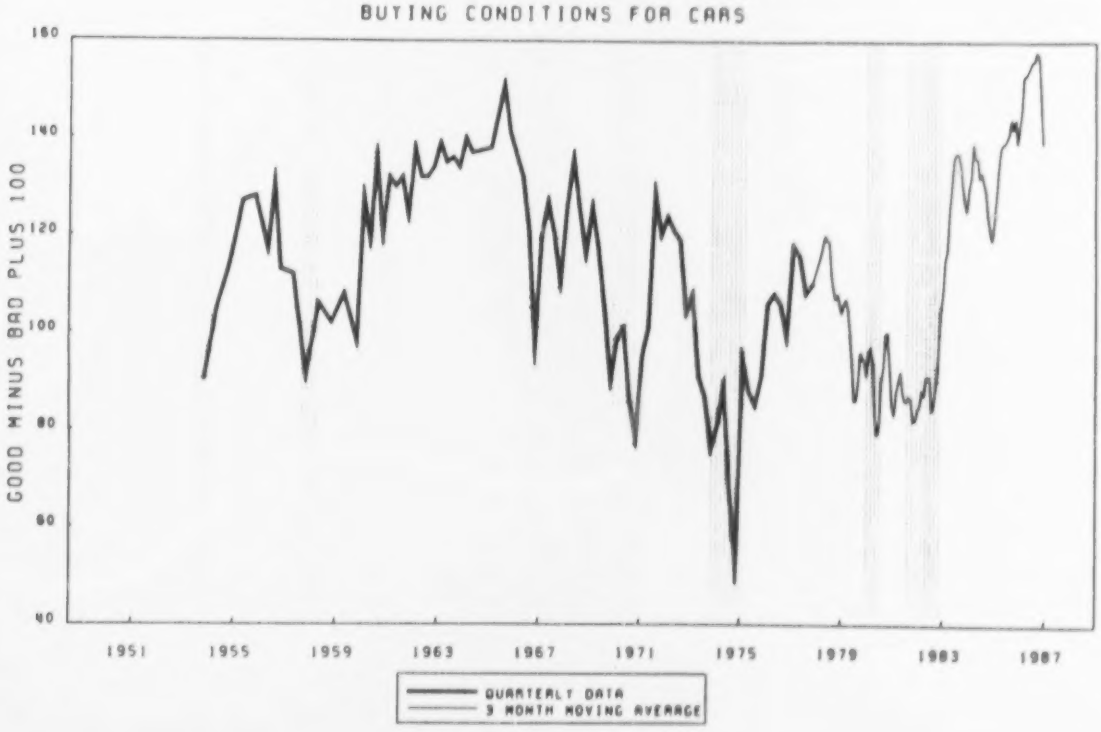


TABLE 25

BUYING CONDITIONS FOR CARS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY	63%	71%	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%
UNCERTAIN; DEPENDS	9	9	6	8	5	6	5	6	8	3	7	6	7
BAD TIME TO BUY	28	20	21	18	22	19	18	20	19	16	21	31	29
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

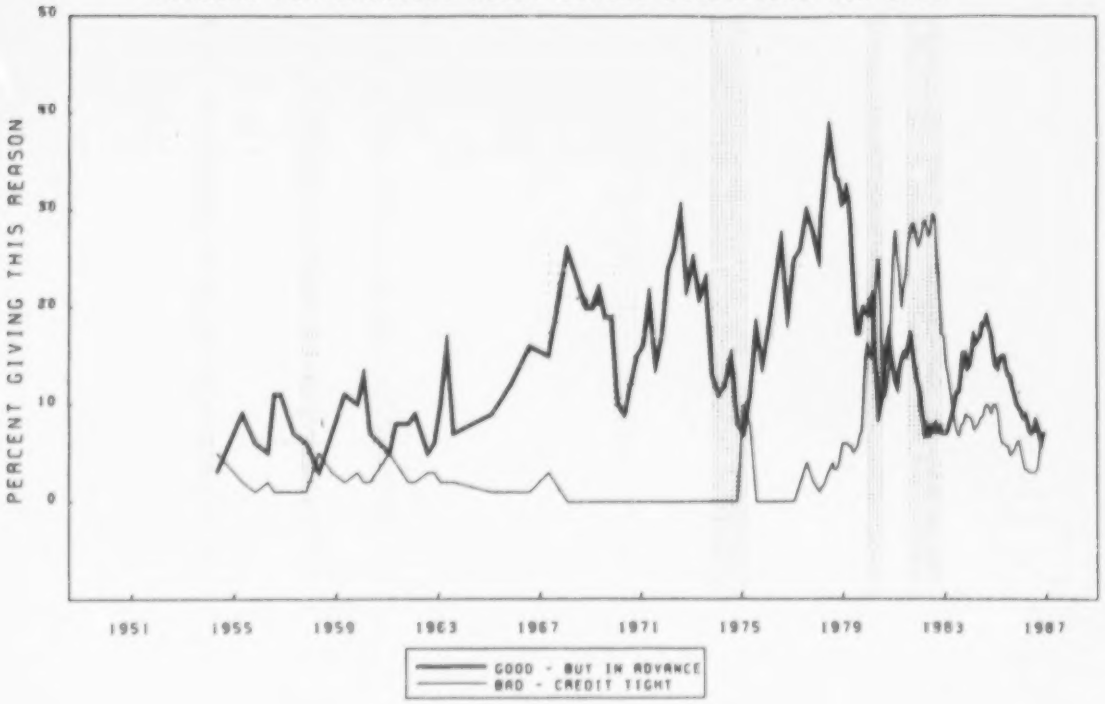


CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

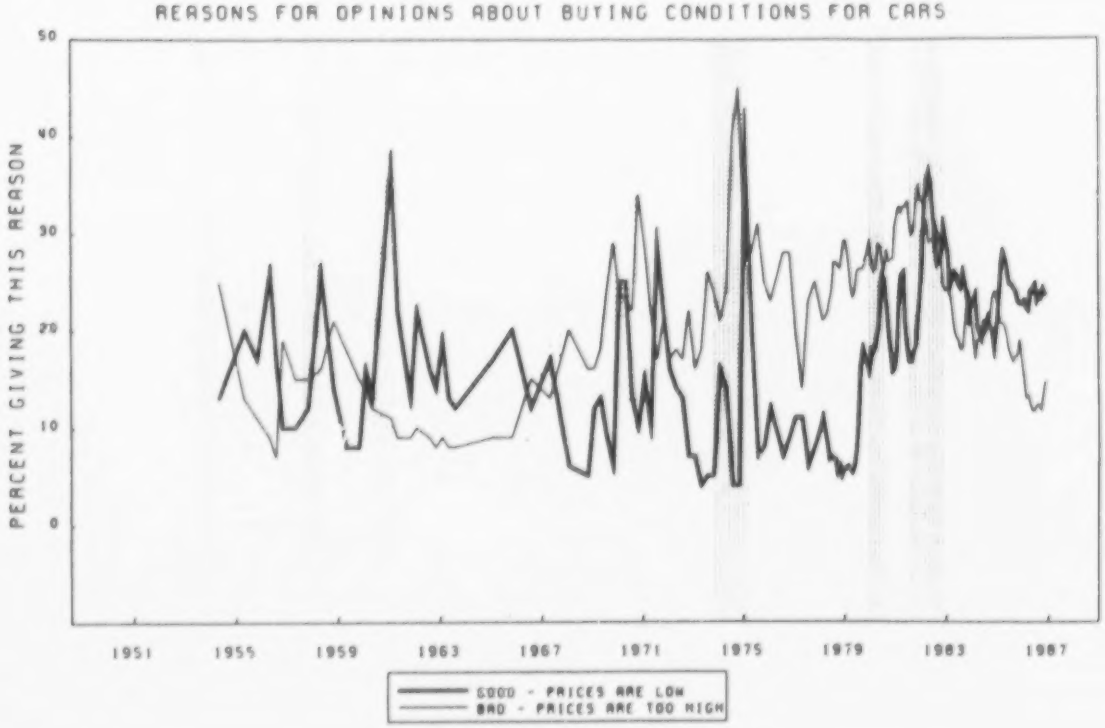


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	23%	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%
Prices won't come down; are going higher	8	9	9	9	7	6	8	8	9	6	5	7	9
Interest rates low; credit is easy	37	51	53	54	54	58	62	53	52	73	58	43	45
New fuel efficient models	1	*	1	*	1	*	*	1	*	*	*	*	*
BAD TIME TO BUY:													
Prices are high	20	13	13	13	14	10	11	14	12	11	12	17	15
Interest rates are high, credit is tight	6	3	4	3	3	3	3	3	3	4	8	9	4
Lack of purchasing power	4	5	5	4	6	6	4	5	5	2	2	4	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	4	2	3	2	2	2	3	1	1	1	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

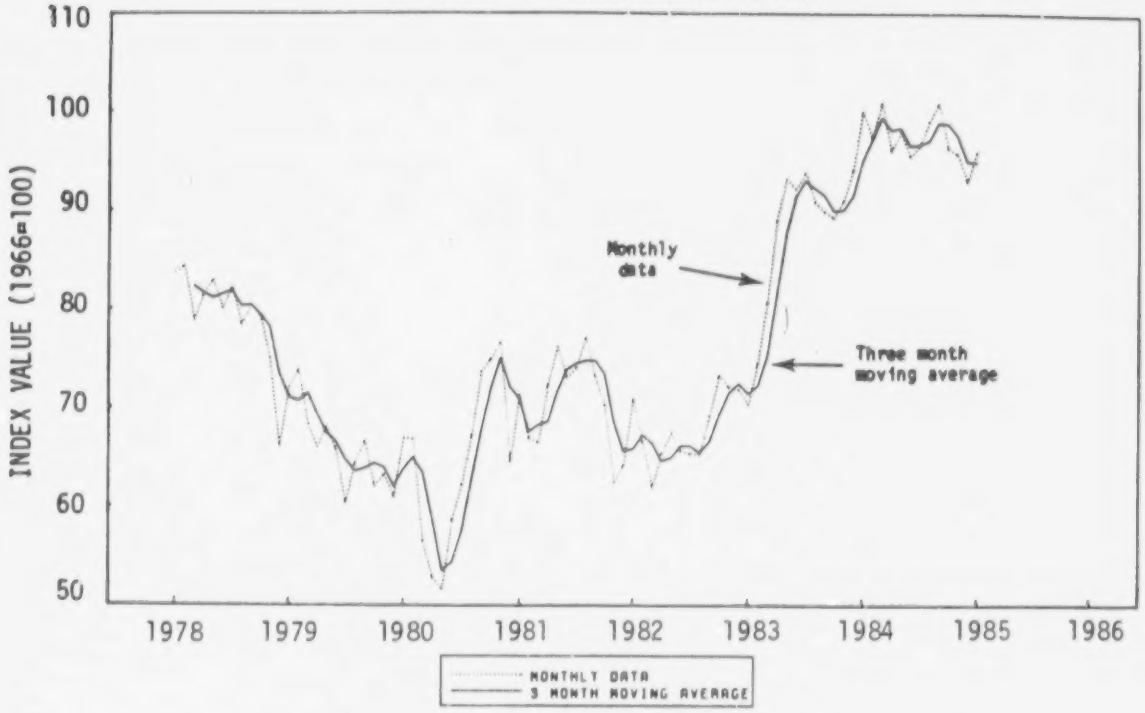
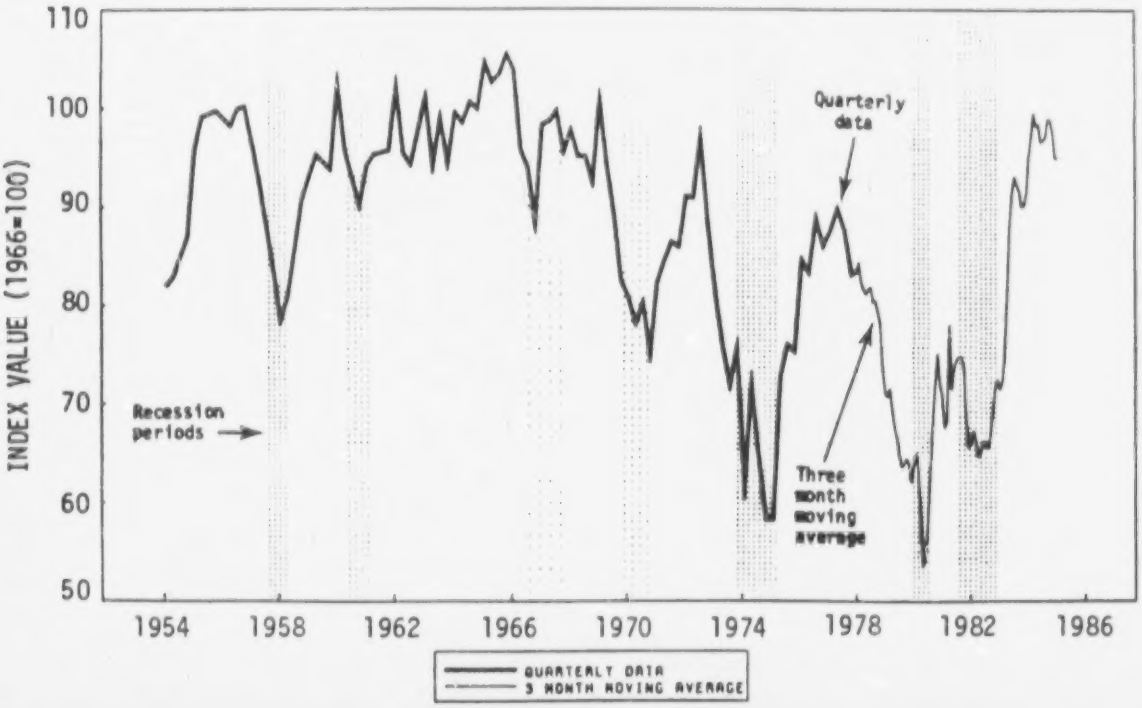


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:				
November	1948	-	October	1949
July	1953	-	May	1954
August	1957	-	April	1958
April	1960	-	February	1961
June	1966	-	November	1967*
December	1969	-	November	1970
November	1973	-	March	1975
January	1980	-	July	1980
July	1981	-	November	1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).